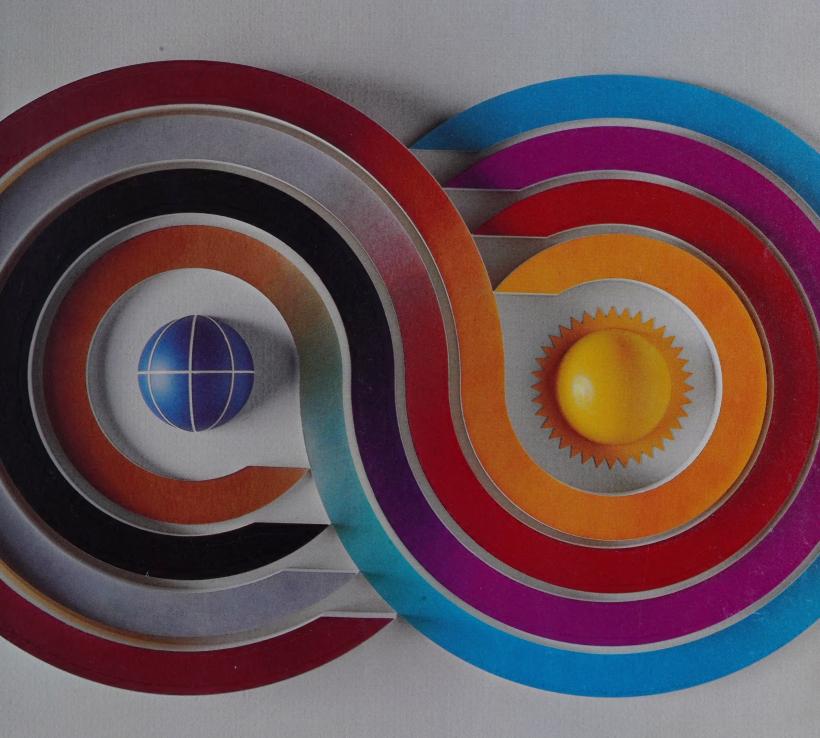


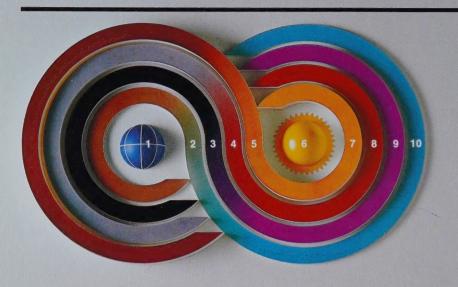
1976 Annual Report

AR26

Merging natural resources technologies with electrical and allied technologies to shape 'a new General Electric'



General Electric 1976 Annual Report



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The business of General Electric

General Electric's business entered a new era at the end of 1976 as the natural resources capabilities of Utah International Inc. were merged with the diverse core technologies of General Electric that center on deriving and putting to use the sun's energies latent in coal, oil, gas and falling water, as well as directly from the sun itself. Utah adds a new "resource dimension" to General Electric's historic role as the leading supplier of products used in the generation, transmission, distribution, control and utilization of electrical energy, and to the

businesses that have grown out of the Company's research and development, including chemicals, plastics, medical systems, aircraft engines and ship propulsion systems. The interaction of these diverse but interrelated forces is, as symbolized by the cover illustration, shaping a new General Electric: more worldwide in scope; more broadly capable of helping nations develop their infrastructures; more versatile in meeting society's needs for energy, materials and services; and more growth-oriented in the interests of some 566,000 share owners.

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Investor Briefs



Presiding at the Company's 84th Statutory Meeting, in Kansas City, Missouri, Board Chairman Reginald H. Jones reported that approximately 83% of the shares eligible to be voted were represented at the meeting.

Eighteen of the Directors listed in the 1976 Proxy Statement were elected for the ensuing year. The 19th Director, Thomas S. Gates, resigned April 14, 1976 to serve as United States Representative, with the rank of Ambassador, to the People's Republic of China, and by resolution of the Board the number of Directors has been reduced to eighteen.

Support of management recommendations, by high percentages of the shares voted, was indicated in results of balloting on other items listed in the Proxy Statement.

Appointment of Peat, Marwick, Mitchell & Co. as independent Certified Public Accountants for 1976 was approved by 99.7% of the votes cast. Five share owner proposals were defeated:

- A proposal relating to compliance with the demands of the Arab boycott received a favorable vote of 2.7%;
- A proposal relating to increasing the availability of the Company's 10-K Report received a favorable vote of 2.2%;
- A proposal relating to modification of the Proxy Card to allow share owners to withhold votes for individual nominees for Directors received a favorable vote of 4.7%;
- A proposal relating to a report to share owners on the Company's involvement in the B-1 program received a favorable vote of 1.9%; and
- A proposal relating to a report to share owners on the environmental effect of the B-1 received a favorable vote of 1.9%.

A woman Director: the search intensifies as a Special Committee of the Board considers more women nominees.

In response to a share owner question at the Statutory Meeting, Board Chairman Jones said that he was "personally distressed that we do not have a woman serving on our Board of Directors at this time." He reported that the Special Committee of the Board has been considering nominations for a couple of years but has not yet found "the right woman to bring aboard."

The Chairman explained that "one of our problems is the very great diversity of the Company itself. Many qualified women are already members of a Board of Directors of some other company, and because of the diversity of our products would be in conflict if they were to serve on our Board."

He indicated, however, that efforts are being intensified "to find the right woman to bring to our Board," and he added that he was "personally hopeful that by the time we next send out an annual Proxy Statement this will be a moot issue."

"The subject of foreign business practices is a complex and difficult one that is facing American industry and the United States Government as well. You can be certain that this subject has received and will continue to receive very close attention in General Electric."

Pointing out to share owners in Kansas City that General Electric's concern did not begin with the much-publicized series of corporate disclosures earlier this year, Chairman Jones said that for a number of years GE has had written policies directed to the standard of conduct that should be maintained by its employees in the conduct of business overseas.

"In September 1975," he said, "I wrote to our management group again, summarizing the Company policy as follows:
"No employee of General Electric or any of its sub-

sidiaries will arrange or make payments in the nature of kickbacks or bribes, nor will the Company and its subsidiaries use intermediate parties such as sales representatives for such purposes.'

"Our greatest concern is to get the word across to every employee. With the many employees of General Electric and its subsidiaries throughout the world, this is an area where we can never relax. We must continuously motivate all our people to comply

with the letter and the spirit of our policy, and we must continually monitor compliance with the standard we have set."

The GE Chairman said that "where any deviations from Company policies and codes have occurred, they have not been found to be material in the context of the Company's business. Information being developed in these recent compliance reviews will be handled in accordance with the Voluntary Disclosure Program of the Securities and Exchange Commission." Board Chairman Jones concluded that "this subject will continue to receive close scrutiny by management to help insure that the high standards of ethical business conduct which you rightfully expect of us are being practiced in every country where General Electric and its subsidiaries do business."

"General Electric is a major defense contractor solely because we have technological capabilities that our country needs."

Chairman Jones told share owners at the Statutory Meeting: "We believe that we have a responsibility - and a great majority of our share owners, as indicated by the correspondence I receive, feel the same way - to provide what we can for the national defense."

Concerning the Company's involvement in the B-1 bomber program, he reported: "It is the United States Congress which will make the necessary decisions affecting the future of the B-1 program — or any other national defense project. I am sure the Congress can be expected to give full consideration to the balances and trade-offs required to meet the needs of national security, effective allocation of natural and financial resources, and the necessary protection of the environment."

The Agreement and Plan of Reorganization for the acquisition of Utah International Inc. by **General Electric Company was** executed May 19, according to an announcement by both companies.

The Boards of Directors of both Utah and General Electric previously had reviewed and approved the Agreement and Plan of Reorganization, and a related Agreement of Merger. Terms of the Agreement executed on May 19 are consistent with the agreement in principle, previously announced, and provide for a tax-free exchange of 1.3 shares of General Electric common stock for one share of Utah common stock.

Consummation of the merger is still subject to various conditions, including the approval of the transaction by the share owners of both companies and the receipt of requisite government approvals. The parties have submitted the transaction for review to the U.S. Department of Justice under the terms of the Business Advisory Clearance Procedure. Documents have been submitted to the Department and informal discussions have been held with departmental representatives.

Agreement on three-year contracts has been reached with unions representing General Electric employees.

Agreement has been reached on new contracts between General Electric and two unions, the International Union of Electrical Workers (IUE, AFL-CIO) representing about 70,000 General Electric employees, and the United Electrical Workers (UE) representing about 17,000.

Under the terms of the three-year agreements. General Electric employees will receive general pay increases totaling \$44 per week. The initial pay increase will be \$24 per week effective June 28, 1976. In the second and third years, employees would receive either \$10 per week or 4%, whichever

The pact also provides for cost-of-living protection of one cent per hour for each three-tenths of one percent increase in the government's Consumer Price Index (CPI). At last month's annualized inflation rate, this could result in approximately \$24 additional per week by the end of the contracts.

The new contracts provide immediate protection up to a 7% increase in the CPI. If the annual CPI rise exceeds 9%, the formula would then be reactivated to provide General Electric employees with protection against runaway inflation and would result in higher cost-of-living payments. Increases under the cost-of-living arrangements will be implemented in November of each year.

The new pact calls for a number of practical benefit plan improvements including earlier retirement opportunities and higher pension minimums. A sixth week of vacation after 30 years of service is among the other improvements included in the package.

Negotiations are also being concluded with other unions representing about 30,000 employees.

During the past several years. there has been a widespread growth in directors' and officers' liability insurance.

This trend parallels the growth of professional malpractice insurance for doctors, lawyers and others.

The Company has had directors' and officers' liability insurance in effect since September, 1968. Such insurance has been renewed from time to time, and was last renewed on September 25, 1974. Coverage under such insurance was increased on December 22, 1975. Lloyd's London and International Insurance Company are the principal underwriters. GE also has fiduciary liability insurance covering fiduciaries of the Company's employee benefit plans. Such insurance was purchased on December 22, 1975, with National Union Fire Insurance Company of Pittsburgh, Pa., as the underwriter. The annual premium for all such insurance is approximately \$255,000.

The directors' and officers' liability insurance covers directors, officers, division general managers and deputy division general managers of the Company, the president of General Electric Credit Corporation, and several other Company managers. The fiduciary liability insurance covers, among others, directors, officers and employees of the Company who may be fiduciaries of any of the Company's employee benefit plans. No payments have been made under any of the foregoing policies on behalf of any of the insured.

An award for excellence in corporate reporting was recently presented to General Electric by the Financial Analysts Federation.



The award recognizes the quality of the Company's overall communications to analysts for the 1974 period, including special investor programs as well as regular share owner publications and meetings.

GE's Weathertron: comfort for all seasons

Even when the thermometer registers zero degrees Fahrenheit, there is a great deal of heat in the air. In fact, zero-degree air contains 89% of the heat that's in air at 100 degrees F.

This curious paradox of great quantities of heat where there seems to be very little helps to explain why there is a renewed interest in the heat pump, the device that collects heat and transfers it from one place to another.

The new efficiencies being built into General Electric's version of the heat pump, called the GE Weathertron®, mean that it can extract enough heat from cold air to make its installation practical even at such arctic spots as Prior Lake in Minnesota (see right).

And in summer, GE's Weathertron heat pump automatically reverses its cycle, taking heat from inside the house and transferring it outdoors.

The Weathertron heat pump is, in short, a single, compact, flameless, all-electric device that, by pumping heat into or out of a house according to the need, maintains comfort in all seasons.

The heat pump has been gaining on other forms of home heating and cooling. With about 54% of the new homes built last year going to electric

heat, the percentage relying on heat pumps rose to 10%. General Electric projections indicate that by 1980 more than 17% of the new housing starts will include a heat pump system.

So promising does GE consider the heat pump's future that the Company's Board of Directors devoted its spring tour to a visit to the GE Weathertron manufacturing facility at Tyler, Texas. Board Chairman Reginald H. Jones had this to say about the significance of the visit:

"We view the central air conditioning business, and particularly the heat pump, as one of the venture businesses of General Electric."

And he pinpointed "venture businesses" as those "that we feel have tremendous opportunities and potential for the future." As a venture business, the Weathertron "is going to be one of the Company's fastest growth businesses."

The Chairman pointed out that in view of the problems the nation is having with respect to supplies of oil and gas, there is an increased interest in electric heating.

"When you find you haven't got gas available — and in community after

(continued on page 6)

Heart of the Weathertron system (in the housing pictured at bottom left) is the reliable Climatuff[®] compressor being described by Archie M. Smith, Jr., GE Air Conditioning Manager for the Minneapolis zone.





The spacious, contemporary tri-level home of Diana and Tom Schmitz and their four children, in Prior Lake, Minn., provides convincing evidence of the efficiency of Weathertron heat pumps in severe northern climates.

This is the fourth home Tom, who is a heating and air conditioning consultant, has built for his growing family. He selected the all-electric heating and cooling system, he says, "for reasons of comfort, convenience and quietness,"

and because of its economy of operation." And since Tom's job keeps him on the road much of the time, Diana adds: "We wanted the proven reliability of GE's Weathertron, which does a mighty fine heating job even at 20° below, a temperature that's not at all unusual in Prior Lake."



GE's Weathertron (continued)

community you've not been able to build a home that would incorporate gas heating because you can't tie into the lines - then you've got to go to electric heating."

Both the continued shortage of natural gas and oil — conventional fuels for home heating — and the increasing emphasis on energy conservation have contributed to the present upsurge of interest in heat pump installations on the part of builders, heating and air conditioning contractors, utilities and potential home owners.

Conserving energy, the heat pump does its heating job at an efficiency level of about 200%: for every unit of electrical energy input to the heat pump, another unit of "solar energy" is picked up from the outside air — so two units of energy are delivered to the home as heat for each unit of electrical energy used.

And although the initial cost of a Weathertron unit is a little more than that of a central heating system plus a central cooling system, installation of a heat pump can save on construction costs because no flue is needed and no fuel storage tank or gas connections are required.

Today's Weathertron heat pumps are being installed in states from coast to coast. The problems of cold weather operation have been solved by a specially designed compressor and controls. In areas where severe winter weather conditions prevail, electric resistance heaters are used to supplement the heat pump during the coldest periods.

In most cases, the amount of heat generated by the supplemental electric heaters is less than 15% of the total heating in the house. GE estimates that a heat pump system will heat a house with 40-to-60% cost savings over a full electric resistance system — and the cost savings include the use of supplemental electric heaters where they are required.

Year-round comfort is assured by the Weathertron's completely automatic operation, with the switchover from heating to cooling determined by the thermostat setting.

In Tyler, Chairman Jones had praise for today's high-reliability Weathertron products, "which have given us a quality reputation that is truly outstanding

in the field." Introduced in 1965, these units provided a base for the heat pump market development of the early 1970s.

"The Weathertron's reliability is built into the product at every phase," according to GE Vice President Joseph H. Gauss, general manager of the Air Conditioning Division. "General Electric designs and manufactures not only the heat pump but also all of the motors and most of the controls that go into it, thus creating a unified system of matched components."

Heart of the unit, Gauss says, is the Climatuff[®] compressor — a sealedin-steel compressor engineered and developed by GE specifically for use in the Weathertron heat pump.

The Company continues to improve the cost and operating efficiency of its Weathertron line, and is working closely with Corporate Research and Development on new technological breakthroughs for heat pumps of the future.

As Chairman Jones says, "We are now ready to move up with the heat pump to a very prominent position in the business. We feel that some of the things we are going to accomplish, in terms of technology, over the next several years will be very exciting."

Meanwhile, through a new TV, magazine and newspaper advertising campaign, the Company continues to explain the benefits of heat pumps to builders, dealers, building managers, opinion leaders and consumers.

The efficiency of the heat pump is certainly its main attraction at the present time. But the Weathertron system has other inherent advantages. For example, the air it delivers to a house is closer to room temperature than that provided by fossil-fueled heating systems so there is less temperature fluctuation in the home. And because the system is a flameless one, it produces no fumes, soot or smoke to soil home furnishings.

In an extended period of shortage of such fuels as natural gas, and the need to conserve supplies of those fuels for uses where they are most needed, the heat pump promises to take over an ever-increasing share of the space heating job — which accounts for 20% of all United States energy consumption — by providing automatic all-electric comfort for all seasons in a growing percentage of the nation's homes.

GE's Weathertron heat pumps, those versatile devices that combine heating and cooling capability in a single allelectric unit, were the focus of attention for General Electric's Board of Directors when they visited the Tyler, Texas plant on their spring tour. The visit gave Board members the opportunity for a firsthand review of this GE "venture business" whose growth has required a doubling of Tyler's capacity over the past two years. Photos on these pages were taken as the Directors viewed the plant's products, manufacturing operations, and rigid quality control and test procedures which account for the Weathertron's high quality and reliability. Fifteen members of the 18-member General Electric Board were present for the Tyler meeting and factory tour. **Directors Walter D. Dance and** Charles D. Dickey, Jr. were absent, each because of a death in the family. Illness prevented Herman L. Weiss from attending.

Directors Jack S. Parker and (below) Frederick L. Hovde.







GE Chairman Reginald H. Jones. . .

Meeting with GE managers: Henry L. Hillman . . .

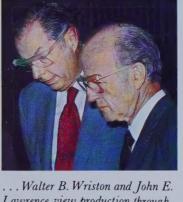




... Ralph Lazarus and Gilbert W. Humphrey.



safety glasses.



Lawrence view production through



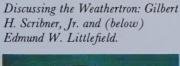
Tyler close-ups: Samuel R. Pierce, Jr. (left) and Silas S. Cathcart (right).



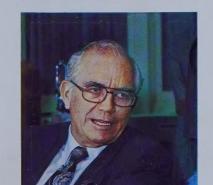
Light moment for J. Paul Austin.



Attentive listener: James G. Boswell II.







On Tyler tour: Henry H. Henley, Jr.



Gourmet Cooking

part of the new life styles emerging in America



Visit one of the cooking schools regularly offered at Rich's department store in downtown Atlanta, Ga., and you see new elements in American life styles shaping up before your eyes.

One is the change in the students. Once cooking schools drew primarily young brides or suburban homemakers.

At Rich's today the students come from every age group—and classes include a surprising number of men.

Nathalie Dupree, Rich's Cordon Bleu-trained resident gourmet chef and instructor, explains that the changes reflect new patterns in American living: "With both man and woman working full-time in many cases, they share the home chores on a 50-50 basis, with the man doing as much cooking as the woman does, so they both come to class."

She also points out that many single men are students of gourmet cooking. "Many businessmen are single into their 30s," she says. "They can't afford to eat out every night. But they do want to entertain their friends at home

- and learning to cook well is important to them."

Another noticeable change: recipes are a far cry from the "basic" dishes of yesteryear. Beginners are creating such specialties as cheese soufflé, trout meunière and profiterolles. In the intermediate classes, students select their own menus in conjunction with teacher Dupree — and the choices include such delicacies as lobster americaine and duck à l'orange.

Dupree credits modern cooking equipment with helping to spark the burgeoning interest in "turning the bugaboo of cooking for the beginner into a delight, and introducing experienced cooks to the further joys of creative cooking."

She adds that "today's automatic ranges make soufflés and other gourmet dishes foolproof, So people are lots more willing to try the 'impossible.'"

The equipment used by students at Rich's includes General Electric automatic ranges — and also GE countertop microwave ovens.















Lighting from General Electric enhances the Capital's Pennsylvania Avenue and makes national monuments, including Thomas Edison's birthplace (center right), enjoyable for Bicentennial visitors by night.

Bighting)the Landmarks

It was here before we were a nation, and still it stands: Old North Church in Boston. Every schoolchild learns that on the night of April 18, 1775, two lanterns were hung from its steeple to warn of the approach of the British and to send Paul Revere on his fateful ride. Half

a continent away and seven decades later, Jim Bowie, Davy Crockett and their tattered band at the Alamo fought to the death defending



Texas freedom. And permanently moored now for visiting tourists in the balmy port of Wilmington lies the WWII battleship U.S.S. North Carolina, veteran of a dozen engagements in the South Pacific. Disparate places and different times, but each a testimonial to a moment of glory in a nation's past. They have something else in common. Proud by day, these memorials

— and others like them throughout the country — bring history to life after dark with the aid of lighting from General Electric. In

these four pages, the *Investor* salutes just a handful of the GE-lighted monuments and landmarks that help make up our American heritage.



Bandmarks















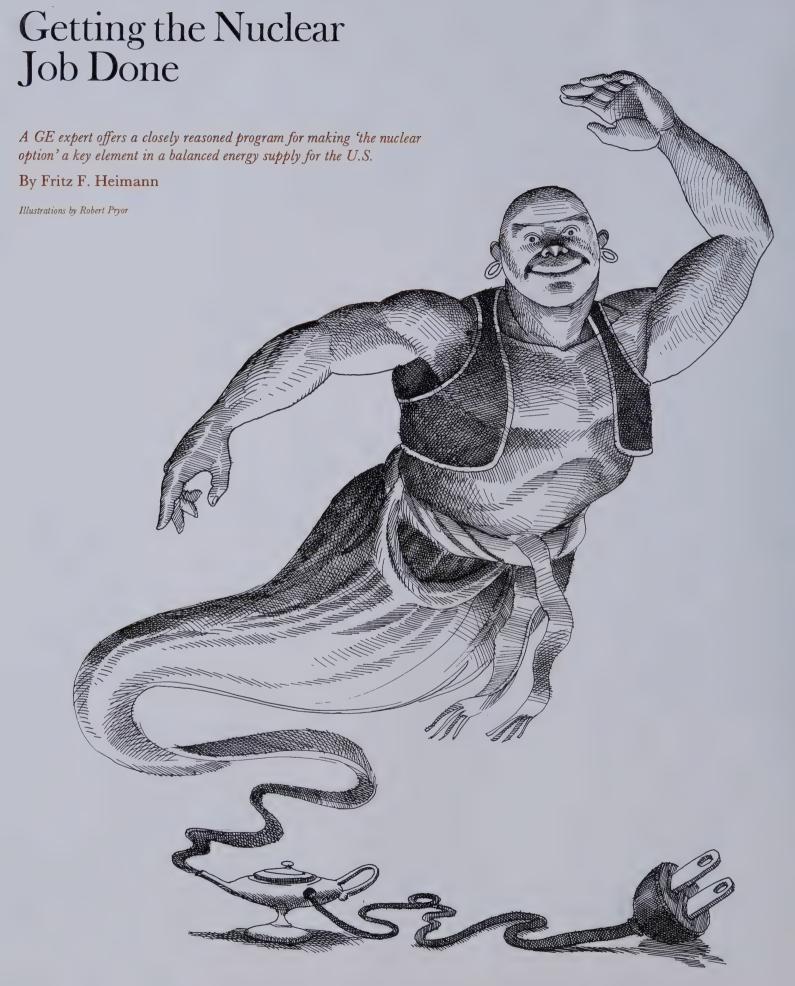
The birthplace of the man who made electric light a practical reality is shown at upper left. General Electric lighting developments that produce more light with less energy are put to use in highlighting many national monuments, among them (clockwise from left)
Philadelphia's Independence Hall, "the birthplace of a nation," where young visitors can view the room in which the Declaration of Independence was signed. A bust noted as "the first memorial to Washington erected in a



public place" adds to the interest at Boston's Old North Church, which is illuminated by energy-efficient GE Lucalox® floodlights. In San Antonio, the GE lights make the Tomb of the Unfloodlit Alamo recalls Davy Crockett's desperate fight for Texas freedom. Also

to be seen there: a memorial tablet and the oak tree that commemorate the heroes of the Alamo. In Washington, D.C., known Soldier a poignant reminder by night as well as by day. Among state capitols that glow on the night sky are those of Indiana, right, and Georgia,

left. And in Wilmington, N.C., a soundand-light show recalls for visitors the exploits of the World War II battleship, U.S.S. North Carolina.



The United States has approximately sixty nuclear power plants in commercial operation, with an electrical generating capacity of some 40 million kilowatts. While this represents only eight percent of our national generation capacity today, it exceeds the total U.S. electrical capacity in 1940.

Nuclear power is saving money for utilities and the public. According to a recent survey by the Atomic Industrial Forum, the existing nuclear power plants produce electricity at an average total cost (including construction, fuel, operating and maintenance costs) 40 percent less than the comparable cost of fossil fuel plants. This meant that, in 1975, nuclear power saved American consumers over \$1 billion in their electricity bills.

In terms of conservation of scarce resources, each one million kilowatts of nuclear capacity can save ten million barrels of oil each year. This, at a time when U.S. oil imports are actually greater than they were when the Arab oil embargo prompted the U.S. national goal of "energy independence."

Outside the U.S., every major industrial nation has elected "the nuclear option" and is relying primarily on U.S. nuclear technology to reduce dependence on imported oil and gas.

And nuclear power continues to add to a safety record that is unequaled in industry, involving over seven hundred reactor-years of power plant operation without a fatality or serious injury to the public.

In short, nuclear power has come a long way since its birth in the years after World War II.

But this is not a success story. Here at the midpoint in the U.S. Bicentennial year, the future for nuclear power was never more clouded and uncertain.

As a nation we find ourselves boxed in by disputes we seem unable to resolve, by conflicting priorities we cannot reconcile.

Over half the nuclear power plants which were on order in the spring of 1974 have been deferred or cancelled.

Regulatory disputes over siting, reactor safety and environmental protection have resulted in a ten-year time cycle for the construction of nuclear power plants, compared with five or six years in the early sixties. As a result, money costs — the interest on capital tied up during construction — now exceed the hardware costs of the reactors and turbine-generators.

After a decade of debate over whether government or industry should build the next uranium enrichment plant, neither has built one. Moreover,

Nuclear's history: blowing warm and cold. The nuclear power business has gone through the equivalent of a geological succession of warm periods when ambitious plans grew in an atmosphere of sunny optimism, followed by ice ages during which these plans congealed and withered.

The first "warm period" came in the 1950s when the Atomic Energy Commission ended the government monopoly on nuclear development and, under the Atomic Energy Act of 1954, permitted private industry to build and operate nuclear plants on its own initiative. Authorized to make enriched nuclear material available to private licensees, the AEC organized a power reactor demonstration program under which it assisted manufacturers and utilities to enter the nuclear field. Amidst press and public enthusiasm, the first plants were built.



The first "ice age" followed when it became apparent that expectations of rapid commercialization of nuclear power had been over-optimistic. While the initial plants operated well, there were very few follow-on orders. The reason: nuclear power obviously had a long way to go to become cost-competitive with coal- and oil-fired plants. While sustaining strong encouragement, the AEC channeled its assistance into carefully defined research and development tasks rather than for plant construction costs.

no plant for reprocessing spent fuel is in operation in the U.S. or is likely to become operable in the foreseeable future. And while the disposal of radioactive wastes has long been recognized as a key issue affecting the public acceptance of the nuclear option, basic decisions regarding how and where wastes should be stored have not yet been made.

What makes the present disarray so deplorable is that it comes at a time when most experts have concluded that expansion of nuclear power, together with increased coal production, represent the only options which can make significant contributions to U.S. energy needs in the next 25 years.

Realistic assessment of advanced power sources such as fusion, solar energy and geothermal power makes it clear that none of these will result in commercially significant additions to the U.S. power supply in this century.

Thus, in any objective comparison of the alternatives, greater use of nuclear power becomes essential as part of a balanced U.S. energy program.

There are currently 140 reactors under construction or with construction permits pending. These will add over 150 million kilowatts to the nation's electrical capacity. The engineering and manufacturing capability to proceed with construction of these plants is in place, and their potential contribution toward U.S. energy independence is clear. The real issue is whether we can make the political decisions necessary to resolve the uncertainties in which the U.S. nuclear program is now mired. With economic recovery bringing a resumption of energy growth, the time for postponement and procrastination is coming to an end. Either we as a nation will make the decisions necessary to get the nuclear job done or the opportunity to proceed may be lost by default.

The controversy over nuclear power reflects some very fundamental issues in American society, including the lack of trust in large institutions, both governmental and industrial. In addition, attacks on traditional values, such as the importance of economic growth and rising standards of living, are among the real objectives of many nuclear opponents.

Another key issue involves the roles to be played by private industry and

A second period of optimism began in 1963 with the introduction of "turnkey projects," in which nuclear manufacturers agreed to fixed-price contracts for building nuclear plants. This approach enabled the reactor manufacturer to undertake the overall systems integration of the entire plant and to project energy cost levels that appeared competitive. Encouraged, utilities ordered over a dozen turnkey plants. Also at this time, Congress enacted legislation providing for private ownership of enriched material, and several private ventures into nuclear fuel reprocessing were launched.





by government in nuclear power development. The need is urgent for us to reexamine realistically what private industry can be expected to do, and where government action will be required.

The public acceptance problem, particularly the resolution of public concerns about the safety of nuclear power, is fundamental to further exercise of the nuclear option. Proponents of nuclear power need to participate actively in the public debate, using the impressive safety record of nuclear power to help dispel the doubts sown by nuclear opponents.

Further, as more proponents enter the arena, the public will learn that the pros and cons are not evenly matched; that the overwhelming majority of the technical community believes that the risks of a nuclear accident are much more remote than other risks which our society readily accepts.

However, it is unlikely that nuclear proponents can win on their own. Because the issue must be decided by the political process, political leadership is essential in gaining public support for the conclusion that the benefits of nuclear power clearly outweigh the risks. While few politicians have been speaking up for nuclear during the no-growth period in electrical demand, there is reason to hope that when the issue becomes critical, as it did with the vote on extension of the Price-Anderson liability insurance provisions in the fall of 1975, substantial Congressional majorities will take a pro-nuclear stand.

Reform of the regulatory process, to reduce the uncertainty and the time required to obtain approvals, can be a desirable consequence of greater public confidence in nuclear power. The principal cause of delays and uncertainties is that the regulatory process is being used as a political battle-ground by nuclear opponents. With greater public support, the regulatory process can return to its proper objective of providing a careful technical review of the safety features of proposed plants.

The Atomic Energy Act established the principle of federal preemption of state and local actions in the regulatory process. A workable regulatory program depends on reaffirming this principle. Once again the problem is one of public confidence. Only when state and local political leaders conclude that the public is willing to trust the determinations of a federal regulatory agency will there be a decline in the pressures to impose state and local restrictions that add further to nuclear uncertainties and delays.

Realism and the nuclear fuel cycle. A main theme of these comments is that the development of nuclear energy requires both government and industry to operate in ways that differ from the conventional conceptions of their roles. Nowhere is this truer than in meeting the unresolved problems of the nuclear fuel cycle, including questions about the adequacy of uranium enrichment capacity, the lack of fuel reprocessing facilities and the uncertainties about long-term waste storage.

The second ice age came when the turnkeys were turned into serious cost overruns by unforeseen events: the rapid inflation resulting from the Vietnam war effort; a host of new regulatory requirements resulting from the newly emerging environmental movement; and radical changes in AEC licensing procedures. While from a technical standpoint the turnkeys proved highly successful, the losses incurred forced manufacturers to limit their commitments to supplying only reactor hardware and nuclear fuel. The experience led to another period of low orders volume in the late 1960s.



The great order surge of 1970-74 was triggered when manufacturers offered large-scale reactors with very favorable plant and fuel cost projections. More than 100 reactors were ordered — over half of all orders for generating equipment placed during this period. Also, U.S. light-water reactor technology became solidly established in the world market, resulting in a large volume of orders in Western Europe and Japan.

Originally the fuel cycle could be taken for granted because large-scale capabilities had been developed in support of the U.S. nuclear weapons program. Uranium mining and enrichment, spent fuel reprocessing, plutonium fabrication and waste storage had all been conducted in conjunction with government programs. With the decline in weapons production, there was ample capacity to serve the slowly growing needs of the nuclear power industry. The easy assumption was that the private sector would proceed to build the fuel cycle capacity required by the growth of nuclear power.

More recent experience in nuclear development, however, raises doubts about the realism of this assumption. Without going deeply into a discussion of this complex area, these points can be made:

- Construction of additional fuel enrichment capacity, which should be launched now in order to meet the needs of the mid-1980s, involves larger investments and longer negative cash flow cycles than any business management should ask of its share owners. In addition, concerns about safeguarding nuclear materials against diversion, sabotage and the proliferation of nuclear-bomb capability are sufficiently great to make it desirable for the government to continue to own and operate the nation's enrichment facilities.
- In terms of spent fuel reprocessing, concerns about proliferation and diversion are also factors that make it sensible for the government to take the steps necessary to get several reprocessing plants into operation. The most important factor here is the need for government decisions as to whether plutonium should be used as a power reactor fuel and in what form radioactive wastes will be stored. Until these issues are decided, industry lacks any real basis for determining whether to build new reprocessing plants, or even whether to make operable any of the three private plants which were started in the 1960s.
- Radioactive waste disposal is an issue whose importance has been exaggerated far beyond its real dimensions. Extensive experience under government programs shows that construction and operation of waste storage facilities present no insurmountable technical problems. There is also adequate geological data on potential storage sites. The time has come to decide on the form and location of waste storage, at least in part to remove

The third ice age began in the second half of 1974, when the combined effects of inflation and recession placed the utility industry in a severe financial squeeze. Also, the recession caused a leveling in the growth of electrical demand, bringing uncertainty about future generation requirements. Result: a wave of deferments and cancellations affecting over half the nuclear plants on order.





this issue from the nuclear debate.

- Financing further development work to enable the light-water reactor to achieve higher on-line availability and to test out the performance of reactor safety systems also merits government support. The advantages to electrical consumers of achieving lower generating costs through improved availability would be very sizeable. Government-sponsored testing of reactor safety systems would be desirable in order to overcome the public concern created by the nuclear critics.
- For its part, industry needs to develop new business approaches that face up to the real problems that make nuclear power an unsatisfactory business today. While turnkey contracts were a disaster to manufacturers, the present approach, in which reactors and fuel are sold as if they were items of conventional hardware, is also unsatisfactory. New approaches must be developed which improve the opportunities for overall systems integration and which provide a more flexible framework for dealing with licensing, technical and other unpredictable factors that change and delay nuclear projects. Nuclear power must either be set up on a basis which provides a favorable balance of risk and reward or there is no sound basis for continued private participation.

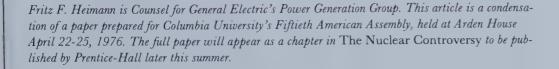
In summary, the nuclear technical problems which have been solved are much greater than those remaining to be solved. The principal problems lie not in the technical area but in the political arena, where we are caught in a period of stalemate and national irresolution.

The steps needed are, first, a strong affirmation of the nuclear option as a key part of U.S. energy policy. Second, government action and support are needed in resolving the nuclear fuel cycle problems. And third, the nuclear industry itself must develop more realistic methods of doing business.

If these steps are taken, the nuclear industry can proceed with the construction of a sufficient number of nuclear power plants to provide the country with a properly balanced energy supply.

The consequences of failure to act are serious. The nuclear industry has little margin left for absorbing further shocks. If the deterioration of the past two years continues, our industrial nuclear capability might well erode beyond recovery by 1980. The effects on the U.S. economy, in terms of economic growth and energy costs, energy independence and balance of payments, as well as environmental effects, may not become apparent until the mid-eighties. By then it will be much too late to reverse direction.

Today: a "holding pattern" for nuclear. U.S. nuclear technology has demonstrated a significant economic advantage over coal and oil, has maintained an unequaled safety record and has become the standard for the world. But its further expansion in the U.S. depends on political decisions and stronger public support. Nuclear power can go forward as a major element in a balanced energy program that will reduce U.S. dependence on energy imports, or it can continue to erode past the point of recovery.







Enriching people's lives

Supporting university research to improve human vision, programs to help women and minorities enter engineering careers, aid in building the technical expertise of developing countries, programs to improve economic education — these are among the good works of the General Electric Foundation.

Established in 1952 by the General Electric Board of Directors, the Foundation is an independent trust whose resources are completely separate from those of the Company. The Trustees have specified that Foundation grants will be devoted solely to projects of an educational nature.

"Our primary mission is to play a leading role in support of educational activities which will help meet the priority needs of both business and society," explains William A. Orme, the Foundation's secretary. continued

- ◆ For better sight: Dr. George B. Benedek, professor of physics at the Massachusetts Institute of Technology, is applying advanced techniques of experimental physics to the study of important problems in medicine and biology. One of his projects concerns cataracts in the human eye. He uses laser light scattering from the molecules of a human lens to analyze the aggregation of proteins associated with the opacity typical of cataracts. Professor Benedek also teaches a course at the Harvard Medical School in which physics and mathematical reasoning are applied to human medicine, and feels that science is entering an era in which it needs infusions of such multi-disciplinary approaches. Dr. Benedek's research has been supported in part by a GE Foundation grant to M.I.T. "It came at a critical point in our research," he comments, "and allowed us to move forward at a particularly fruitful period of discoveries. The funds were very valuable and important."
- ▶ Building technical expertise: "My scholarship is a fantastic opportunity to study in the United States," says Jose Trevino-Salinas of Monterrey, Mexico. Jose is attending the University of Wisconsin-Madison on a scholarship funded by the General Electric Foundation and administered by the Institute for International Education. A 22-year-old candidate for a Master's Degree in mechanical engineering, he is concentrating on research into metal cutting phenomena that he hopes will yield knowledge helpful in improving manufacturing productivity. One of nine students studying in the U.S. under GE Foundation and IIE auspices, he expects to obtain industrial experience in this country and then return to Mexico to establish a consulting firm.





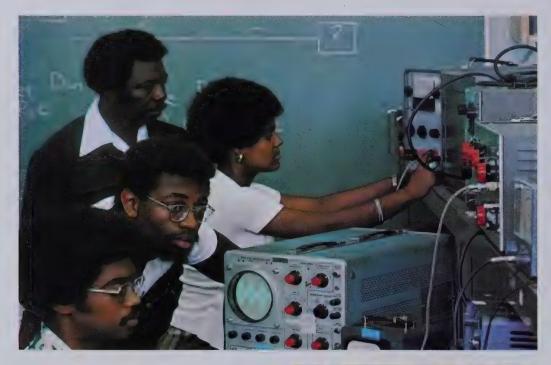
▲ Understanding the role of business: Since 1973, the Foundation has sponsored summer seminars at U.C.L.A. and Catholic University on the role and responsibility of business in modern society. Shown: codirectors of Catholic U's program, John J. Murphy (left), professor of economics at Catholic University, and Paul J. McNulty, professor of business economics at Columbia University. "The objective is to improve the teaching skills of academic participants and to stimulate research into numerous areas of business responsibility," they explain. The seminars attract up to 100 attendees, including university liberal arts faculty members and representatives from industry, labor and government.

The GE Foundation continued

To achieve this goal, programs of the Foundation have, historically, been directed toward long-range objectives in three major categories:

- Improving educational and training opportunities with equal access for all so that society will have an adequate supply of qualified people;
- Developing programs to help sustain and improve the economic, social and political environment necessary to nourish the free society and its competitive enterprise economy; and
- The development and dissemination of new knowledge that will benefit society.

"Through our varied programs aimed at these objectives," Orme says, "we strive to demonstrate that more than dollars are involved in the grants made by the Foundation. With each grant go our high hopes for those who have earned our support. Our bottom line is people: individuals whose lives are changed and enriched by the Foundation and the activities it sponsors."



▲ More minority engineers: One of the colleges receiving GE Foundation "Mainstream Awards in Engineering" grants is Prairie View A&M University in Texas. The grants, established in 1972 in response to the national shortage of minority engineers, provide assistance to the six predominantly black engineering schools in their efforts to attain a 100% increase in enrollment in five years. "The work of the University has been enhanced significantly by the support of the GE Foundation," says Engineering Dean A. E. Greaux of Prairie View. "This has made the difference, and the results are realized in the increasing number of minority students whose lives are being changed in a meaningful way."





A career in engineering: "Engineering seems to me to require much discipline, organization and the careful thinking that results in useful knowledge," explains Pembroke "Tavi" Noble of Princeton University. One of a growing number of women entering engineering, she feels that her aptitude for math and science led her to consider the field a logical career choice. Tavi's studies are being assisted by a scholarship awarded by the Society of Women Engineers and funded by the General Electric Foundation. The scholarship is part of a program to help increase the number of women entering the engineering field. "I'd certainly recommend engineering to other women," she says. "That's the only field I can see myself in."





◄ Learning the 'world of work': Familiarizing school guidance counselors with the "world of work" through experience in industry has been a prime objective of GE Foundation Outreach programs over the past decade. Over 2,000 guidance counselors, teachers and school administrators from secondary schools have attended six-week-long summer graduate programs conducted by Boston University, Indiana University and the University of South Carolina. The program at Boston includes visits (left) to industrial facilities, including General Electric plants, allowing guidance counselors to "shadow" workers engaged in such skills as machine operation, assembly, testing or personnel.

▲ Career help: University of Texas senior Edward Alarcon of San Antonio has his sights set on a career in nuclear engineering. His studies at Texas have been helped by the Engineering Scholarship Program for Minority Community College Graduates administered by the College Entrance Examination Board. The program, in its second year, is fully funded by the General Electric Foundation. For student Alarcon, the scholarship has meant an opportunity to study on a full-time rather than part-time basis. "The scholarship really helped me out," he says. He chose nuclear engineering because of his deep interest in energy systems and his conviction that the field will be of major concern in the years to come.



General Electric Company, Fairfield, Connecticut 06431

Volume 7 Number 2 Summer 1976

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Share owners approve **GE-Utah International merger**



Symbol of a merger: a coal stacker at work in Australia, representing Utah International's worldwide scope in natural resources, superimposed on the bucket wheel of a steam turbine undergoing test in Schenectady, N.Y., exemplifying General Electric's broad interests in the generation, delivery, control and utilization of electric power.

At special meetings on opposite coasts of the United States on December 15, share owners of General Electric and of Utah International Inc. voted their approval to make Utah International a wholly-owned subsidiary of General Electric.

At the Stratford, Conn., meeting of General Electric share owners, approximately 80% of the shares eligible to vote were represented either in person or

Of the votes cast, 98.3% were in favor of the proposal covering the agreement of merger, while 98.1% of the votes cast approved increasing the number of authorized shares of General Electric common stock by 41,500,000 shares, principally for the purpose of the merger.

In San Francisco, Utah International share owners were represented by approximately 87% of the shares eligible to vote. Of the votes cast, 99.3% approved the proposal to merge with General Electric.

The merger was accomplished through a tax-free exchange of 1.3 shares of General Electric common stock for each share of Utah common stock. As a result of the share owner approvals, the authorized number of shares of General Electric common stock was increased from 210,000,000 shares to 251,500,000, and the 25.000 former share owners of Utah International became share owners of General Electric.

GE's Chairman, Reginald H. Jones, presiding at the Stratford meeting, expressed thanks to General Electric share owners for their prompt and positive action in returning their proxies for the special meeting.



A different kind of drama for Stratford, Connecticut's American Shakespeare Theatre: General Electric share owners register for the special meeting to vote on the proposed merger of GE and Utah International. At the same time, Utah share owners were meeting to cast their votes on the merger in San Francisco.

He went on to explain to share owners the key reasons why the Company's Board of Directors so strongly recommended the merger:

- "Utah International is a wellmanaged and highly profitable company" that has, as described in the Profile of Utah International on the following pages of this issue, dramatically changed its business pursuits so that, today, "Utah's principal business is mining, predominantly outside the United States."
- Chairman Jones noted that "this merger will bring General Electric into a whole new area of opportunity, natural resources. This is an area of enormous potential for future earnings growth because the world is industrializing and demand for fuel and raw materials is increasing rapidly."
- · He also observed that the Utah merger "greatly adds to our welladvanced program of diversification beyond the manufacture of traditional electrical equipment and into the faster growing materials and services businesses."
- · The Utah merger, he explained, "advances our strategic objective of becoming a worldwide company. Since 83% of Utah's gross profits and other income come from operations outside the United States, the merger will provide a major new thrust to General Electric's participation in the development and growth of the world economy."



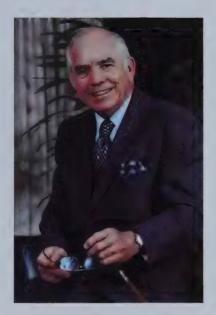
General Electric's Chairman Jones summarizing why GE's Board recommended the merger: 'It brings GE into a whole new area of opportunity, with enormous potential for earnings growth ... providing GE new thrust as a worldwide company ... and a valuable hedge against inflation.'

- Still another strong reason given by Chairman Jones: Utah's enormous reserves of natural resources "should provide our Company with a valuable hedge against worldwide inflation." The finite supply of these resources means that their value keeps rising over the long term, offsetting inflation's effects.
- As a final reason, Chairman Jones cited the "bottom line," noting that Utah has a proven record as an outstanding growth company: "It increased its earnings fourteen-fold in the period from 1966 to 1976, with most of the improvement coming in the past five years." On the basis of Utah's fiscal-year 1976 results already announced, "it is clear that Utah will improve General Electric's earnings per share from the very first day of the merger."

He called share owners' attention to the risks in engaging in foreign operations in the natural resources industry. "In fact," he said, "the basic reason why Utah wishes to merge with General Electric is to diversify its risks by joining a diversified company. Thus important advantages accrue to both parties to the merger."

Addressing Utah International share owners. Chairman Edmund W. Littlefield emphasized the diversification of Utah's risks as a key reason why "a merger between these two great companies would serve the best interests of the share owners of each."

In view of the huge undeveloped reserves of coking coal in Utah's Australian holdings, he observed, "pursuit of our most promising prospects will make Utah less diversified rather than more diversified."



Utah's Chairman Littlefield on benefits to General Electric share owners: 'Higher earnings per share . . . entry into a new business giving GE still further diversification ... and what I believe to be the world's best mining company.'

Merger with General Electric offered a sound solution: "There are indeed companies larger than General Electric, but none so well diversified nor in my view so ably managed," Utah's Chairman explained. "The risks that were of concern to Utah International standing alone were not in the least unreasonable to take when the assets of General Electric and Utah were combined . . . There will be no undue concentration in the merged company."

He concluded his remarks with observations of what GE share owners will gain: "The General Electric share owners will acquire assets with earning power and potential for growth that would indicate an increase in General Electric's earnings per share; entry into the natural resource business giving GE still further diversification; and what I believe to be, although my views are obviously biased, the best mining organization and the best mining company in the world."

GE's Dividend Reinvestment Plan was announced at the special share owners' meeting. As detailed on pages 20-22 of this issue, the GE Plan will go into operation with the July 1977 dividend payment.

GE's Chairman noted that dividend reinvestment will benefit not only the participants but all share owners since, by encouraging greater ownership of stock by individuals, it strengthens the entire investor-owned enterprise system.



The enterprise that has merged its operations to become a wholly-owned subsidiary of General Electric has dramatically changed its business pursuits since its inception at the turn of the century. Then it was essentially a heavy construction company doing business in the western United States. Today Utah's principal activities are related to mining operations conducted throughout the world.

Primarily, Utah mines coal—with the mining of coking or metallurgical coal in Australia forming the largest and most profitable of its operations. It also mines steam coal, copper and iron ore. Other Utah operations are in oil and gas production, ocean shipping and land development. It maintains an extensive minerals exploration program worldwide.

The uranium operations formerly conducted by Utah, and all uranium assets, have been transferred to a new company which is wholly owned by Utah. This action was taken to resolve the concerns of the U.S. Department of Justice regarding what the Department perceived as the potential anti-competitive effects resulting from General Electric's role as a supplier of nuclear steam supply systems and Utah's role as a uranium mining and milling company. The common stock of this new company has been deposited in a trust managed by independent trustees. In this manner, control over its uranium operations is vested in the independent trustees, and General Electric and Utah International will receive dividends from the earnings of the new uranium company.

Utah International has its headquarters in San Francisco, California. Its approximately 5,500 employees include managers and professionals capable of providing strong leadership through their depth of experience in conducting natural resource operations throughout the world.

A beneficial addition

Several key factors make the Utah merger a particularly beneficial addition to General Electric's consolidated operations. Above all, Utah adds a strong new sector of profitable growth. Utah's growth, moreover, is principally in international markets, thus complementing General Electric's long-term plans to increase the volume of its international business.

Utah has a proven record as an outstanding growth company. Final results from Utah's operations for the fiscal year ended October 31, 1976, show that Utah progressed to its twelfth consecutive year of record earnings. In the 1971-1976 period, net earnings increased nearly five times, growing from \$37.7 million for the 1971 fiscal year to \$178.8 million in 1976.

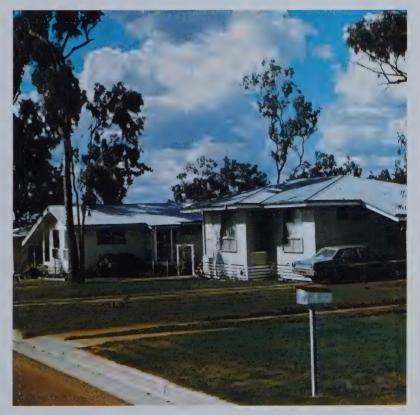
Utah's gross revenues from operations and its subsidiaries increased nearly eight times in the 1971-'76 period, growing from just over \$118 million in the 1971 fiscal year to \$944 million in fiscal 1976. As of October 31, 1976, Utah's mineral sales backlog stood at \$6.12 billion.

An important point is that approximately 83% of Utah's total revenues in fiscal 1976 came from operations outside the United States. Thus the Utah merger provides a major new thrust in increasing General Electric's participation in the development and growth of the world economy. The merger also provides General Electric a fresh opportunty to apply its scientific and technological skills to a broadening range of problems—those that result from the ever-increasing demand on finite and limited supplies of natural resources. Moreover, Utah's reserves of natural resources should provide the Company with a hedge against worldwide inflation.

An overview indicates the worldwide scale of Utah's operations:

The Utah merger gives General Electric a new business dimension in natural resources and an acceleration of growth in international markets.

To support its operations extracting coking coal from the rich deposits of Australia's Bowen Basin, Utah has built an infrastructure that includes modern towns to house employees. Shown below: a scene in the town of Moranbah.



Utah International's management:

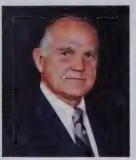
leadership for worldwide natural resources operations



Edmund W. Littlefield Chairman of the Board and Chief Executive Officer



Alexander M. Wilson President and Chief Operating Officer



A f E. Brandin Senior Vice President



James T. Curry Financial Vice President and Treasurer



J. Bertram Ladd President. Ladd Petroleum Corporation, a subsidiary of the company



Ralph J. Long Senior Vice President



Charles K. McAnnur Senior Vice President



Keith G Wallace Senior Vice President



John S. Anderson



Robert O Wheaton Vice President



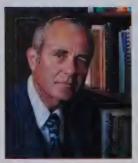
W. Drew Leonard Vice President



J Boyd Nieisen



Boyd C. Paulson Vice President



Bruce T. Mitchell Secretary



George W. Tarleton Vice President

- Utah's largest sphere of activity is in Australia, where 89.2%owned Utah Development Company conducts coking coal mining operations and has a one-third interest in an iron-ore mining
- In Canada, Utah Mines Ltd., a wholly-owned subsidiary, operates the Island Copper mine.
- · Ladd Petroleum Corporation, a wholly-owned subsidiary, produces oil and natural gas in the U.S. and Canada.
- Through its interest in Samarco Mineração, S.A., Utah is participating in a vast new iron-ore-producing venture in Brazil.
- Utah has interests in ocean shipping through wholly-owned subsidiaries, Utah Shippers Inc. and Utah Transport Inc., and its 46% owned affiliate, Marcona Corporation.
- Utah's domestic mining operations include steam coal and iron ore, as well as a copper interest in the western United States.

In addition, a vigorous exploration program spans the globe and includes such areas as the western U.S., Australia, Canada, the South Pacific, Africa and Brazil, seeking new sources of minerals traditionally mined by Utah.

Mining coking coal in Australia

Utah is a leading producer of coking or metallurgical coal, a product characterized by special properties suitable for use in the steel-making process.

Utah Development Company, operating solely in Australia, currently operates four mines in the Bowen Basin of central Queensland. Blackwater, the first mine developed, is wholly owned, with the mines at Goonyella, Peak Downs and Saraji 85% -owned by Utah Development Company. All of the mines are modern opencut operations with efficient coal preparation facilities to control the quality of the delivered product. In 1976, shipments of more than 15 million metric tons were made from these mines to Japanese and European steel companies under existing long-term sales contracts.

Assured coking coal reserves as of October 31, 1975 amounted to 362.7 million metric tons. Economic conditions permitting additional reserves are available for development.

Located as they are in relatively unpopulated areas, these mines have required substantial investments in the region's infrastructure, including roads, townships, railroads, water, power and communications services. The modern towns of Moranbah and Dysart have been built to house the families of employees. At Hay Point, the port on Australia's northeast coast that handles the output of the Goonyella, Peak Downs and Saraji mines, Utah Development Company has constructed one of the world's most efficient coal shipping terminals. Utah plays an important and constructive role in the economic development of the region.

Utah has several properties in Australia under consideration for future development and conducts an ongoing exploration program there. At Norwich Park, Utah has proposed building a fifth coking coal operation. Situated some 30 miles south of Saraji, this mine would be in a position to share much of the infrastructure that has already been completed.

Recent policy changes by the Australian government are having a positive effect on mining companies operating in that country. The coking-coal export duty of \$6 (Australian) per metric ton was reduced to \$4.50 per metric ton in August, and the present government has announced its intention to phase out this duty over a three-year period. This shift in policy by the Australian government is expected to encourage development of new mining projects, increase the competitiveness of its coking coals in the world market,



Utah's Hay Point shipping port, located 137 rail miles from the most distant of the mines it supports in the State of Queensland, Australia, is one of the world's highest-capacity coal shipping terminals. Recently expanded, the port facility now has the capacity to load and ship 20 million metric tons of coal per year.





and enhance prospects for foreign investment in Australia.

The likelihood of developing the new Norwich Park mine is improved by this action. Also, the Queensland government has relaxed its limitations on the amount of coking coal which may be exported from the mines in which Utah Development Company has an interest. As a further favorable step, Utah and Mitsubishi Development Pty. Ltd. have initiated a program to increase Australian participation in their Queensland coking-coal projects.

Steam coal—energy for electric generation

Steam coal derives its name from its primary historical use—it is burned in the process of converting water to steam, which in turn provides the energy to drive electric generators and other machinery. Technology also exists to convert the energy content of coal to a product similar to natural gas.

The Navajo mine, located on the Navajo Indian Reservation in New Mexico, represents Utah's most substantial interest in steam coal. In terms of production it is one of the largest coal mines in the U.S. It furnishes the entire fuel requirements of the Four Corners Power Plant owned by a group of six utility companies. Contracts with the utilities are for a period of 35 years (expiring in 2004), with options on the part of the utilities to renew for an additional 15 years. The Chairman of the Navajo Tribal Council has advised Utah that the Navaio Tribe intends to seek renegotiation of the royalties provided for by the existing lease.

Of Utah's 1.1 billion tons of coal reserves at Navajo recoverable by surface mining methods, less than one-third is committed to the Four Corners plant. Additional reserves have been conditionally committed to two utility companies which have coal-gasification plants under consideration.

A second substantial steam-coal operation is the San Juan mine, eight miles north of Navajo. Here, Utah serves as a contractor for the owner, Western Coal Company, delivering coal to two utilities for power generation.

Utah also has extensive steam coal reserves near Craig, Colorado, with first shipments of coal to a new generating plant scheduled to begin in late 1977.

Copper—with gold as a by-product

One of the first metals used by man, copper still ranks high among the useful metals because of its electrical conductivity properties and high resistance to corrosion.

Utah International has two copper interests. One is the Island Copper mine, an open-pit operation located at the north end of Vancouver Island in British Columbia, Canada. The other is a 25% interest in Cyprus Pima Mining Company, located south of Tucson, Arizona.

The Island Copper mine, in production since 1971, has sales agreements with smelters which will require plant production of between 80% and 100% during calendar years 1977 through 1979. Ore reserves at the mine, at 1976 production rates, indicate a mine life of about 18 years.

In addition to the mine and milling operations, Utah has built supporting facilities that include a deep-water dock and a sizeable housing development in the nearby town of Port Hardy.

Significant amounts of gold, molybdenum, silver and rhenium are by-product metals of the Island mine. Shipments of gold, the most important of these by-products, reached a high of 60,000 ounces in 1975.

The Cyprus Pima mine, also an open-pit operation, has a milling capacity exceeding 50,000 tons of ore per day.

With steam coal deposits estimated to exceed a billion tons. Utah's Navajo mine is a major producer of coal for electric power generation.



Two facets of Utah's copper mining in British Columbia: in Island Copper's processing mill, a technician checks the content of ore samples while, below, the mine's fleet of 35 haul trucks operates around the clock. The mine has the capacity to produce concentrates containing some 115 million pounds of copper metal annually.





Utah's international business in iron-ore mining includes, above, the Iron Springs mine in Cedar City, Utah, as well as mining operations in Australia and New Zealand.

At right: construction continues on the Samarco project in Brazil, with the objective of beginning shipments of iron-ore concentrates in mid-1977.



Iron ore—a massive new project

In mid-1977, Utah's mining operations are expected to cross an important new threshold. That is when the first shipments are scheduled to be made from Samarco Mineração in Brazil. Samarco is a joint venture, with Utah's wholly-owned Brazilian subsidiary, Mineração Marex Ltda., owning Utah's 49%.

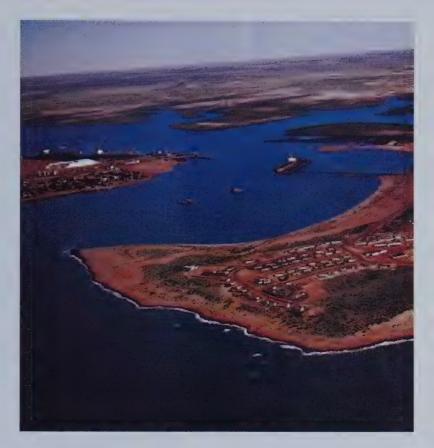
Samarco is a massive project. It will tap the enormous reserves of 53% -average-grade iron ore existing at Germano, 250 miles from the Atlantic Ocean in the state of Minas Gerais. To achieve a higher-grade material for export, Samarco will concentrate its ore at the mine. Then it will pump the mixture of concentrate and water through a 20-inch-diameter, 250-mile-long pipeline to Ponta Ubu on the coast. There the water will be removed. Five million tons per year of the mine's output will be converted to iron ore pellets which will be sold to steel mills in the United States and Europe. Discussions are proceeding with prospective buyers of an additional two million tons of filtered concentrates. Concessions and reserves at the Germano site assure a supply of at least 300 million metric tons of iron ore concentrates.

Development of the Samarco project offers another important prospect: it enables Utah to extend its operations into a country with vast mineral resources as well as a policy to encourage businesses that can provide capital and expertise to participate in the nation's economic development.

Utah, directly or through investments, has interests in three other iron-ore projects in the U.S., Australia and New Zealand:

- The Iron Springs mine is located near Cedar City, Utah. Acquired in 1946, it is the oldest of Utah's existing mines. Iron Springs uses conventional open-pit methods, but a unique traveling magnetic concentrator also makes possible the mining of low-grade alluvial deposits. Another mine, nearby, is operated by Utah for a major steel producer.
- In Western Australia, Utah Development Company holds a onethird interest in Mount Goldsworthy Mining Associates, involved in operating and developing iron ore properties. The initial venture included construction of the Mount Goldsworthy mine, crushing and shiploading facilities at Port Hedland and a 71-mile railroad to link the two installations. Following the first shipments in 1966, the operations have been expanded on several occasions. Further expansion will depend on studies being made to determine the technical and economic feasibility of mining the deposits known as Mining Area "C".
- In New Zealand, Marcona Corporation, which is 46%-owned by Utah, has a 75% interest in a company that utilizes a dredging operation to mine ore-bearing coastal sands. After the sands are refined, the concentrate as a slurry is pumped from the coastal facility to specially equipped ships. A recently completed expansion project is expected to increase production capacity to approximately two million dry long tons of iron concentrate annually.

A favorable development in 1976 was the agreement of the government of Peru to compensate Marcona Corporation for the company's Peruvian iron ore mining assets expropriated in July 1975. Negotiations between U.S. and Peruvian government representatives resulted in an intergovernmental agreement, reached on September 23, providing for a \$37 million payment to Marcona in the form of an interest-bearing promissory note to be paid from the proceeds of international financing being negotiated by the Peruvian government. In addition, the agreement provides for compensation, valued by the Peruvian government at \$24 million, resulting from a quantity of iron ore pellets to be purchased by Marcona under a separate agreement for resale in the United States



At Port Hedland, on Australia's west coast, a ship-loading terminal has been built to handle iron ore from the Mount Goldsworthy mine.

A major new venture, diagrammed below: Brazil's Samarco project, where ore mined in the mountainous area of Minas Gerais will go by pipeline to the coast for loading at a specially constructed port.





The Island Copper ore deposit, controlled by Utah, is located on a group of claims near Port Hardy on Vancouver Island, British Columbia. Shown: copper concentrate being shipped to Japanese customers.

over a four-year period and a contract of affreightment covering the transportation of Peruvian ore. Marcona does not confirm the Peruvian government's valuation, however, because there is no assurance that the iron ore pellets will be marketed profitably over the four-year period or that profits will be realized on the contract of affreightment. In fiscal 1975, reflecting the uncertainty at that time of receiving any compensation for the expropriated assets. Utah had written off the full book value of its share of Marcona's Peruvian investments. Benefits from the recent agreement are being recorded as their realization is assured.

Oil and gas—strengthened by new discoveries

On July 31, 1976, Utah's wholly-owned Ladd Petroleum Corporation had either a whole or partial interest in 3,794 producing oil wells and 551 producing gas wells: Ladd's expectations for the 1976 calendar year were that it could produce 2,260,000 barrels of oil and 27,135,000 thousands of cubic feet of natural gas. It has leaseholds in 17 states of the U.S. and three Canadian provinces.

Over the past two years, Ladd has sharply increased its participation in exploratory activities. New crude oil and natural gas discoveries in Louisiana, Oklahoma and Alberta have contributed to an unusually high success ratio for these ventures. Further development of these discovery areas is expected to provide important additions to Ladd's reserves.

At the end of the 1975 calendar year, Ladd estimated that its proven oil reserves exceeded 14 million barrels and its natural gas reserves totaled more than 258,000,000 thousands of cubic feet. Ladd's undeveloped oil and gas properties included mineral interests in more than 1.7 million acres of land.

Accelerating Utah's mineral exploration

In response to the growing demand for raw materials and energyrelated resources, Utah has sharply expanded expenditures on its minerals exploration program over recent years. The resulting acceleration of Utah's exploration efforts is aimed at the discovery of new reserves and the expansion of existing reserves. Utah concentrates its search on energy minerals, coking coal and some of the base and precious metals—commodities which, over the long term, appear likely to benefit from strong market demand.

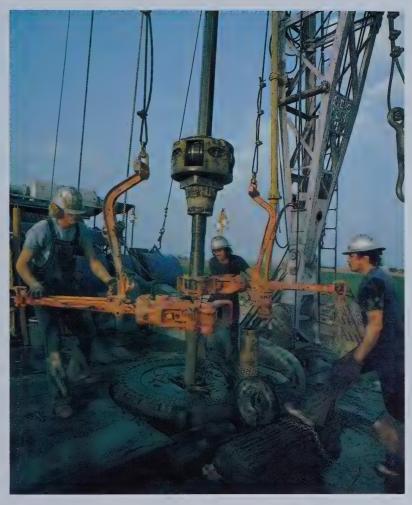
These forward steps are in line with a growing worldwide recognition that mineral development is an essential part of sound economic growth.

Ocean shipping—varied interests

The need to transport its natural resources has, over the years, led Utah into varied ocean shipping operations.

Its earliest interests, held through Marcona (46%-owned by Utah), have been undergoing a transition since the Peruvian expropriation in 1975. With 60% of its shipping capacity employed in transporting ore from the Peruvian mine, Marcona experienced a sudden loss of trade that, despite efforts to gain third-party cargoes and redeploy its vessels, has kept its shipping business operating at a loss. In response, Marcona has sold three of its twelve owned vessels, scrapped two and laid up two others until the shipping market permits profitable redeployment.

In addition to the interest in Marcona's shipping activities, Utah manages and directs charter shipments of Australian coking coal and Canadian copper concentrates. During 1976, two new 126,000-ton dry bulk carriers were delivered to two corporations in which Utah Development Company has a 50% share. Managed by



Oil and natural gas production and exploration are the domain of Utah's wholly-owned Ladd Petroleum Corporation. Above: drilling for oil in California.

Exploring for natural resources, Utah International's geologists transport their equipment into many of the earth's most remote locations.





Utah, these ships will transport Utah's Australian coking coal to Europe and iron ore from the Atlantic basin to Japan.

Also during 1976, Utah's newly-formed, wholly-owned subsidiary, Utah Transport Inc., negotiated the purchase of five combination carriers and one dry bulk carrier. These vessels initially will transport Utah's coking coal from Australia to Europe. They are expected to be employed in hauling Australian coal and iron ore products to European customers, once deliveries begin in mid-1977 from the Samarco mine in Brazil.

Environment—preserving the balance

Utah's Environmental Quality Department interacts with operating divisions in an effort to assure that environmental programs—including land reclamation, industrial hygiene, management of air, water and land quality, and control of noise, dust and fumes—keep abreast of, and in many cases anticipate, ever-increasing government regulations. The objective is to preserve a realistic balance between environmental concerns and worldwide energy and raw materials requirements.

Utah favors strip mining operations in the belief that they are safer for employees than are underground mines, they conserve natural resources by recovering more of the mineral deposits, and they are more economical in terms of costs.

In the course of surface mining activity, however, land is unavoidably disturbed. At Utah operations, major emphasis is placed on reshaping the land and re-establishing vegetation. To this end, grading and seeding is conducted, and research has been undertaken to determine optimum methods and plant species for vegetation of mined lands.

In the reclamation of the Navajo mine, as an example, Utah environmental engineers have not only reseeded hundreds of acres but have also installed a supplemental irrigation system of pipelines and impact sprinklers that distribute enough water to keep the reclaimed land greener and more attractive than surrounding areas.

Land development

Utah's land development activities include developing industrial, commercial and residential properties for resale or investment.

Its principal land holdings, mostly in California, include a 47-acre shopping center in Alameda; 916 acres of residential property at Harbor Bay Isle in Alameda; 205 acres of residential property at Pauma Valley: 688 acres of commercial and residential property near Vandenberg Air Force Base; and a 2,000-acre tract of land in Douglas County, Colorado.

Utah's land development activity improved somewhat over 1975.

In summary

Utah brings to General Electric an opportunity for growth in a direction that seems certain to be of increasing importance throughout the world. The exhaustive analysis undertaken by General Electric's management in connection with the merger procedures has shown Utah to be a strong company with a good industry position, an outstanding management record and proven performance in international operations. The merger of these two highly compatible organizations can be expected to increase the strategic strengths of both partners.

The new growth dimension added by Utah is a reinforcing element in the General Electric of the future.

Utah follows up its mining operations with conscientious reclamation of disturbed areas. Land pictured on the facing page and below was once "overburden" removed in the process of extracting minerals.



Attractive residential area at Vandenberg Village is part of Utah International's land development venture in Santa Barbara County, California



CT-big new excitement in health care

General Electric has leapfrogged into leadership in the fastest-growing new sector of medical technology



The two images at left explain why a new medical device from General Electric is stirring fresh excitement and hope in the medical profession. Near left is a conventional x-ray faintly demonstrating a mass in the chest region. What it doesn't show is whether this "mass" is a tumor or a cyst and its exact position within the body.

By contrast, the picture opposite shows that the mass is in fact a fluid-filled cyst attached directly to the spine.

This previously unavailable diagnostic visualization is supplied by newly-developed GE medical equipment called the Computerized Tomographic Total Body System (CT/T). Aided by images provided by the General Electric unit, doctors were able to surgically remove the cyst.

Computerized tomography, or CT, is the visual reconstruction by computer of what is called a "tomographic plane" of an object. It's like taking a horizontal slice out of the trunk of a tree without cutting it down. In medical applications, CT displays an approximately one-centimeter-thick "slice" of some part of the human

CT images are also distinguished by their sensitivity in recording very small variations in tissue density. This sensitivity is what permits the physician to distinguish fat from muscle, healthy tissue from diseased, and, in some cases, even benign from malignant tumors.

Actually, the CT image does not represent simply one exposure. Like pictures transmitted from space satellites, it is reconstructed by the computer from thousands of separate measurements of x-ray absorption made in many directions through the desired "slice." To obtain a CT image, the x-ray tube and over 300 minute x-ray detectors are rotated completely around the subject, obtaining absorption measurements from all angles. Advanced electronic techniques are used to "read" this huge volume of data and to construct the image the doctor sees.

CT scanners have been on the market for some time—in fact, head scanners first appeared in 1973. The big news about General Electric's new CT/T scanner is that it has leapfrogged previous technology by taking its pictures faster than other systems currently in use.

And in CT imagery, as in photography, speed can be a critical factor. Earlier units required exposure times up to five minutes. This was acceptable for head scans. But for body scans the motions of breathing caused a "fuzzy" image.

'Never since the discovery of x-rays has there been so much progress in such little time,' says a West Coast physician experienced in using computerized tomography.



Heart of CT: GE's Maxiray 125® x-ray tube.





General Electric's CT/T system, however, can do its 360° scan in as little as 4.8 seconds short enough for even very ill or very young patients to hold still. The result is exceptional image sharpness—the kind that can pinpoint problem areas. And the images are achieved with less radiation to the patient per scan, plus fewer retakes in order to get

motion-free images. What difference does this make to the physician? "Body scanning technology revolutionizes radiology," says Dr. Alexander Margulis, of the University of California Medical Center in San Francisco, where the initial CT/T unit has been installed. "You increase the ability to diagnose tumors, abscesses, congenital abnormalities, and many other conditions which could not be seen before. CT scanning has tremendously improved our ability to

At UC Medical Center, doctors use CT cross-sectional views of the body for diagnosis.

Fast-scan xenon detector array for General Electric's CT/T system provides clearer images with less radiation.



diagnose disease in the liver. For example, it aids in diagnosing dilation of bile ducts in jaundice patients and helps the physician select the next definitive diagnostic procedure. It's made it possible to see cysts and tumors of the kidney. It's also valuable in detecting cancers and cysts in the pancreas."

The advantages of all this, Dr. Margulis believes, "have not been fully realized yet because we're just at the beginning—only a year-anda-half along. Never since the discovery of x-rays has there been so much progress in such little time."

Beyond their own personal health care interests, General Electric share owners have a stake in this new technology, because it is rapidly shaping into a promising new segment of GE's Medical Systems Division.

Says Walter L. Robb, the Division's Vice President: "In our first year, we have already received a substantial share of the CT orders placed in the U.S., and we are developing a market strategy for Europe and Japan. There are several reasons why hospitals are choosing our equipment. Leading the list is the fact that it is the most technologically advanced system on the market today. In addition, the customers know they can depend on General Electric to deliver a quality, reliable system backed by the industry's largest and best-trained service organization."

The fact that General Electric was able to move past the competition and enter the CT market with a leadership technology is a tribute to GE's strength and breadth in research and development, according to John F. Welch, Jr., Vice President and Components and Materials Group Executive. "This new CT technology required disciplines that go well beyond the conventional x-ray business," he states. "GE's Research and Development Center in Schenectady, N.Y., in applying its energies to our CT development, put together a team that included mathematicians who had worked on reconstructing earth-satellite

pictures; physicists who had worked on electronic detectors; specialists who had been developing the latest in micro-electronics and micro-processors for aerospace applications; vibration experts who had worked on vibration problems for nuclear reactors; and servo-engineers who had worked on military problems. In addition, we were able to draw on the video display technology of GE's Electronics Laboratory in Syracuse, N.Y. By being able to utilize these and other capabilities, General Electric was able to move very fast with its revolutionary fanbeam, fast-scan design."

For a business that is already on a strong growth curve, Robb sees computerized tomography supplying a market sector that is destined to grow even more sharply. "While the U.S. spends over 8% of its Gross National Product for health care," he says, "less than 1% of this goes for diagnostic imaging equipment. We believe dollars invested in diagnostic equipment represent the best investment of all, reducing overall health care costs while improving the quality of care. Earlier and more definitive diagnosis, with less patient trauma and quicker return to health, can result from the advances we make. This makes diagnostic imaging an important growth business for General Electric."

Robb also points out that "CT systems are significantly reducing the patient discomfort and the

costs associated with many types of procedures. To obtain the complex diagnostic data that CT supplies, people in the past had to be hospital in-patients, often for days at a time. Now, with CT, they can be out-patients instead, getting the CT analyses done in an hour or so."

General Electric's role as the leading U.S. producer of medical x-ray equipment traces back to the industry's earliest days, when GE scientist Dr. William D. Coolidge developed the first successful hotcathode x-ray tube that remains to this day the basic design. Medical Systems Division's breakthrough in the new field of computerized tomography helps assure continued leadership in health care systems for General Electric.

The end result of CT: a diagnostic image (below) that gives the physician greater detail about the body's soft-tissue areas than has been available before. Right: patient being prepared for a series of abdominal scans using a GE total body-scanning CT system.





Coming for General Electric share owners:

GE's Dividend Reinvestment Plan

Beginning with the July 1977 dividend payment, General Electric will offer its share owners the GE Dividend Reinvestment Plan, as a convenient and economical way of making regular purchases of General Electric stock. Participation is entirely optional.

Share owners will also be given the option of supplementing the reinvestment of their dividends by making additional cash payments. Volume purchases of stock for all participants will make the Plan a more economical way to acquire GE stock than individual purchases.

General Electric will administer the Plan and The First National Bank of Boston, as agent, will purchase the General Electric stock acquired under the Plan and hold it for the participants.

A booklet explaining the Plan and setting forth the Terms and Conditions will be distributed to share owners at the end of April and will be accompanied by an Authorization Form by which share owners can enroll in the Plan.

Here are highlights of the GE Plan to be initiated with the July 1977 dividend payment:

Who may participate

The Plan is open to all General Electric share owners who have GE stock registered in their own names, and whose address of record is in the United States, or its territories or possessions. If your GE stock is registered in a name other than your own (for example, that of a broker, bank or trustee) this registered holder may be able to handle the reinvestment of your GE dividends. If the registered holder cannot accommodate you, some or all of your shares can be re-registered in your own name, and you may then participate in the Plan directly.

A choice of ways to participate

The Plan will be quite flexible, in the interest of making it adaptable to individual financial situations and investment programs. Share owners will have three options:

Automatic reinvestment of TOTAL declared dividends, each quarter, in additional GE stock.

Once you have enrolled for dividend reinvestment, General Electric will automatically send your dividends (less service charge) to the Bank, instead of to you, for as long as you participate in the Plan.

The Bank (as your agent) will promptly apply your dividends, pooled with those of other participants, to the purchase of GE stock at current market prices, and your shares will be credited to your Dividend Reinvestment Plan Account. The shares that accumulate in your Account will, of course, pay dividends too, and these will also be reinvested automatically.

Your dividends will seldom add up to the exact amount for purchasing one or more full shares. As a result, the stock purchased for you will nearly always include a fractional share. Proportionately, these fractional shares will earn dividend income for you just as full shares do.

After each quarterly reinvestment of your dividends, you will receive a detailed current statement of your Plan Account.

For convenience and safekeeping, the Bank will hold the stock it has purchased for your Account. But if, at any time, you wish to have full shares sent to you, you may simply write to General Electric.

You may invest MORE than your total dividends, either regularly each quarter or less often, by making additional payments of cash. These payments will be entirely optional and can be in any amount from a minimum of \$50 to a maximum of \$3000 per quarter. You can vary these additional cash payments from quarter to quarter, or omit them, at will. An optional cash payment that you make in any quarter will simply be combined by GE with your dividends for that quarter and sent to the Bank.

Optional cash payments can begin only after your first dividend has been reinvested. For example, if your first dividend is reinvested in July, your first optional cash payment can be made in October. Other details relating to the timing of cash payments are included in the booklet that will be sent to share owners. In view of the considerable length of time it takes for reinvested dividends on a small number of shares to equal one full share, the optional cash payment feature may be of particular interest to share owners with smaller holdings.





Automatic reinvestment of LESS than total dividends is another option under GE's Dividend Reinvestment Plan. This option serves the needs of share owners (especially those with larger holdings) who may decide, in the light of their personal investment objectives or financial situation, that they would like to have part of their GE dividends reinvested and receive the remainder in cash.

However, owing to the additional administrative costs connected with this provision of the Plan, no fewer than 30 shares may be designated to participate in dividend reinvestment under this provision. Optional cash payments may also be made under this provision of the Plan.

The booklet to be distributed in April will describe the steps share owners can take to have less than their total dividends (but not less than the dividends on 30 shares) reinvested automatically, as well as how in certain limited, special circumstances a share owner may participate through optional cash payments only.

Costs of participating

Your cost for purchasing GE stock under the Plan will consist of: a service charge to cover the cost of administering the Plan, and your share of brokerage charges on volume purchases of stock by the Bank.

The service charge will be 3% of your total quarterly investment, up to a maximum of \$2.50 per investment. That is, the 3% service charge for any quarterly investment larger than \$83.16 will be \$2.50. The Company will deduct the service charge before forwarding your quarterly investment to the Bank.

Based on current brokerage commission rates, it is estimated that your share of brokerage charges will average less than 1% of each total quarterly investment. Since the Bank will make volume purchases of GE stock for all Plan participants, your share of the brokerage charges will be less than the commission you would normally pay in making the purchases yourself.

Enrolling in the Plan

An Authorization Form for enrollment in GE's Dividend Reinvestment Plan will be included with the booklet to be mailed to share owners at the end of April. The booklet will also provide further information on how to withdraw from the Plan and on the statements of account which will be supplied to participants, as well as on income tax information and the proxy voting of shares held for each Plan Account. You should read the booklet carefully before deciding whether or not you wish to participate.

In summary

If you decide to participate in the Plan, your General Electric dividends on participating shares will be reinvested in General Electric stock automatically, without further attention on your part, for as long as you remain in the Plan. Once you enroll, the Company will thereafter combine your dividends on participating shares and/or any optional cash payments you may make, and will forward your funds (less a service charge) directly to the Bank. Acting as your agent, the Bank will apply your funds (pooled with those of other participants) to the purchase of General Electric stock for your Plan account. Your funds will be fully invested in full and fractional shares, and thereafter full and fractional shares in your Plan Account will also earn dividends for you. General Electric will perform the recordkeeping and other administrative work. The Bank will hold in custody the stock it has purchased as your agent, unless you request delivery of your shares.



New Directors elected



Gertrude G. Michelson



Lewis T. Preston

FAIRFIELD, Connecticut, October 25, 1976—Gertrude G. Michelson and Lewis T. Preston have been elected members of the Board of Directors of General Electric Company, it was announced today by Reginald H. Jones. Chairman. Their elections are effective immediately.

Mrs. Michelson, 51, is Senior Vice President—Employee and Consumer Relations, for Macy's-New York. Mr. Preston, 50, is Vice Chairman of the Board and Member of the Executive Committee of Morgan Guaranty Trust Company.

In addition to serving on the Board of Directors of General Electric, Mrs. Michelson serves on the corporate boards of the Chubb Corporation, Harper and Row, and Quaker Oats Company.

Mr. Preston, in addition to serving on the Boards of Directors of General Electric and Morgan Guaranty Trust, is Vice Chairman of the Board of J. P. Morgan & Company, Inc. and Chairman of Morgan Guaranty International Finance Corporation.

Born in Jamestown, New York, Mrs. Michelson received a B.A. degree from Pennsylvania State University in 1945 and an LL.B. degree from Columbia University in 1947, at which time she joined Macy's-New York. In 1963 she was elected a vice president of the company, and she assumed her present position in 1972.

She is a member of the Boards of Directors of the Markle Foundation, the Columbia Law School Alumni Association, and Work in America Institute, Inc., and serves on the Advisory Council of the Cornell School of Industrial Relations, Mrs. Michelson is a trustee of the Interracial Council for Business Opportunity and of Educational Testing Services. She is a member of the Committee for Specialized Placement of the Handicapped, New York University Institute of Rehabilitation Medicine.

Mr. Preston, a native of New York City, graduated from St. Paul's School, Concord, New Hampshire in 1944, after which he served two years in the U.S. Marine Corps. He joined Morgan Guaranty Trust Company in 1951, following his graduation from Harvard University where he received a B.A. degree.

Mr. Preston is a member of The Pilgrims, the Council on Foreign Relations and the Board of Trustees of Foxcroft School, Middleburg, Virginia.

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General Electric Company Fairfield, Connecticut 06431

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BROADCAST CONTROLLED COLOR TELEVISION IS HERE. IT'S CALLED VIR.

IT LETS THE TV BROADCASTER AUTOMATICALLY CONTROL THE COLOR AND TINT ON SELECTED NEW GENERAL ELECTRIC COLOR MODELS.

YOU WON'T BELIEVE IT UNTIL YOU SEE IT.

À

Many TV programs are now transmitted with a special color reference signal called VIR. When the VIR signal is present, new sophisticated computer-type circuitry, in selected General Electric color models, uses this signal to automatically adjust the color

and tint of the television picture: this means you won't

have to fiddle with those color control settings; instead, this truly automatic VIR system makes the adjustments for you.

GE's Broadcast Controlled Color system consistently gives you color and tint automatically adjusted by the VIR signal from the broadcasters themselves.

General Electric's new
Broadcast Controlled Color sets
have a pilot light that indicates
when the TV station is broadcasting the special VIR signal.
(It's like the pilot light for stereo
FM radio.) Your GE dealer can
tell you the extent to which
VIR is available in your area.

Of course, VIR can't solve poor reception problems. But if your reception is good, imagine the thrill of seeing your GE set automatically adjust the color and tint right before your eyes.

GE Broadcast Controlled Color. Another reason why GE invites you to go into a store and compare our performance. See for yourself. Prove it to yourself. We think it's the smart way for you to decide which brand to buy.



WYC7660WD High-impact plastic cabinet with simulated walnut-grained finish.



1976 Financial highlights

Data for both years include Utah International Inc. as a result of a pooling of interests consummated in 1976. (Dollar amounts in millions; per-share amounts in dollars)

For the year	1976	1975	Percent increase
Sales of products and services to customers	\$15,697	\$14,105	11%
Net earnings applicable to common stock	931	688	3 5
Funds generated from operations	1,412	1,172	20
Operating funds after dividends	1,051	846	24
At year end			
Short- and long-term borrowings	\$ 1,933	\$ 1,907	1%
Share owners' equity	5,253	4,617	14
Total capital invested	7,305	6,628	10
Measurements			
Net earnings per common share	\$ 4.12	\$ 3.07	34%
Dividends declared per General Electric common share	1.70	1.60	6
Operating margin as a percentage of sales	9.7%	8.4%	
Percent earned on average share owners' equity	18.9	15.7	
Percent earned on average total capital invested	15.1	12.5	
Borrowings as a percentage of total capital invested	26.5	28.8	

	Sales			Net earnings		
Operating results by major categories		1975	Percent increase	1976	1975	Percent increase
Aerospace	\$ 2,099	\$ 1,972	6%	\$ 95	\$ 76	25%
Consumer	3,307	2,880	15	198	108	83
Industrial components and systems	4,787	4,320	11	266	226	18
Industrial power equipment	3,074	2,922	5	72	65	11
International: manufacturing exports and diversified foreign affiliates	4,024	3,745	7	196	158	24
Natural resources: Utah International Inc.	1,001	706	42	181	108	68
General Electric Credit Corporation	_	_		59	52	13
Corporate eliminations	(2,595)	(2,440)		(136)	(105)	
Total Company	<u>\$15,697</u>	\$14,105	11	\$931	\$688	35

Sales and net earnings by major category throughout this Report include intercategory transactions. To the extent that sales and earnings are recognized in more than one category, appropriate eliminations are reflected in the "Corporate eliminations" line. Net earnings for each major category are after allocation of corporate items such as expenses of headquarters personnel, corporate research and development, other income, and interest and other financial charges. Income taxes are allocated to major categories based on the total corporate effective tax rate, except for the Credit Corporation and Utah whose income taxes are calculated separately. Unless otherwise indicated by the context, the terms "GE", "General Electric" and "Company" are used on the basis of consolidation described on page 36. Unless otherwise indicated by the context, the terms "Utah" and "Utah International Inc., as well as all of its "affiliates" and "associated companies" as those terms are used on page 36.

The Chairman comments

"Five years of change in GE's core businesses, capped by the Utah International merger in 1976, have shaped a 'new General Electric' with enhanced prospects for profitable worldwide growth."



America's Bicentennial was a landmark year for General Electric. Your Company's established businesses benefited from economic recovery in the U.S. and other countries to generate a year of strong sales growth. Through careful control of costs by GE managers and greater productivity by GE people, your Company achieved record earnings. Dividend payments to share owners were increased. We reached peaceful settlements on new three-year contracts with unions. And, with the merger of Utah International Inc., we entered a new era of long-range arowth.

To reflect the new and larger entity that includes Utah, all of the financial data in this 1976 Annual Report have been changed to consolidate Utah results. The change is retroactive: all the past figures have also been changed, as if Utah had always been part of the Company. These changes, conforming with generally accepted accounting principles applying to a pooling of interests, are necessary to enable share owners to make meaningful yearto-year comparisons of the Company's performance.

Before considering these total figures, however, we should take note that the Company's results in 1976, even before including the contributions of Utah, added up to an excellent year. Sales of GE products and services rose 10%, while earnings were up 29%. Led by a strong rebound in results from consumer goods and services, sales and earnings increases were achieved by all six of the Company's historic business categories: Industrial Components and Systems, Industrial Power Equipment, Aerospace, International, and General Electric Credit Corporation, as well as Consumer.

Consolidating Utah's results

as a seventh business category—Natural Resources—the picture becomes still more positive. On the new basis of consolidation, the 1976 sales total of \$15.7 billion represented an 11% gain for General Electric. Earnings for the year rose 35% to \$930.6 million, or \$4.12 per share. The ratio of net earnings to sales was improved to 5.9%, up a full percentage point from the 1975 ratio.

At the special meeting at which General Electric share owners voted their overwhelming approval of the Utah transaction, we pointed out that Utah would improve General Electric's earnings from the very first day of the merger. With the 1976 results in, we can see that the effect was to increase our earnings by 7 cents per share. Similarly, Utah contributed \$1 billion to the 1976 sales total.

As another result of the merger, we welcome some 26,000 share owners of Utah International into the ranks of General Electric share owners.

As reported previously, the arrangement by which Utah International became a whollyowned affiliate involved a taxfree exchange of 1.3 shares of GE common stock for each share of Utah common stock. The effect was to increase the total of GE shares outstanding by 41 million to almost 227 million.

The merger provides General Electric with a substantial new orders backlog forming the base for future sales. The backlog in General Electric's traditional businesses increased slightly during 1976 to \$18.9 billion. In addition, Utah's mineral sales backlog, including uranium, at the 1976 year end totaled \$5.8 billion. A high percentage of Utah's output is contracted with customers under long-term arrangements

which include cost-escalation protection.

The results of vigorous asset management added further support to General Electric's highly treasured Triple-A credit rating. At year end, the Company's debt-to-capital ratio had been reduced to 26.5%, while cash and marketable securities in excess of estimated working capital needs had grown to over \$1 billion.

Despite the cash build-up, General Electric—including Utah International — invested approximately \$740 million in new plant and equipment during the year, about 26% more than the combined amount for 1975. At the present time, the outlook is for a 15% to 20% increase in our plant and equipment expenditures in 1977, depending of course on the performance of the economy and the kinds of programs the government may put forth to stimulate business spending.

The settlement of new threeyear contracts with unions, another key event of 1976, was representative of the Company's constructive relations with employees. The settlement, extending through June 30, 1979, is in line with our objective of assuring that General Electric continues to attract and hold highcaliber employees while also keeping the Company costcompetitive.

Your Board of Directors demonstrated its confidence in the Company's future earnings potential by voting a 121/2 % increase in quarterly dividends paid to share owners, beginning with the October 1976 dividend payment.

'A new General Electric': The favorable impact of Utah International on our 1976 results underscores the short-term benefits of this merger. But the

greater importance is long-term: Utah gives us fresh impetus in building the new General Electric that has been taking shape in recent years.

Your Company today reflects the innovative forces set in motion in the post-World-War-II era, including decentralization of our organization, diversification of products and services, and the establishment of a strategic planning system that improves both the identification of our real growth opportunities and the containment of risks.

It's traditional to think of General Electric as a manufacturer of high-quality electrical equipment. And this is still the core of the Company's business. We remain the world's leading producer of electrical equipment for utilities, industry and the home, and we intend to maintain that position. These businesses show steady growth and provide a solid base of earnings.

But the scope of General Electric today extends well beyond its base in equipment manufacture. Comparing the Company today with the General Electric of only a few years ago shows that, in selectively allocating our resources to the growth opportunities identified through strategic planning, we have developed decidedly different sources of earnings and a different mix of businesses, whose potentials for profitable growth exceed those of our historic product lines.

In the past five years, for example, the earnings from our materials businesses — including engineering plastics, carbide cutting tools, Man-Made® diamond and silicone chemicals — have been growing at a rate of about 30% a vear.

During the same five years, the earnings of such services businesses as our repair and mainte-

nance shops, General Electric Credit Corporation, information services and our broadcasting business have been growing at a rate of about 15% a year.

Thus, whereas the materials and services businesses were providing only 19% of our earnings in 1971, in 1976 they brought in 27%. And with the addition of Utah, materials and services provided approximately 40% of our 1976 earnings, with 60% coming from the manufacture of equipment.

Another area of exceptional growth, which has received resource priority, is international, as represented by the overseas sales of domestic exports and by diversified foreign affiliates. In 1971, international sales of GE products and services provided 16% of our earnings; in 1976, after including Utah, international sales accounted for about 35% of General Electric's earnings.

Even in equipment manufacture the Company is less dependent on its traditional products than it was a few years ago. This is the result of allocating substantial resources to such fast-growing areas as medical systems, transportation products, communications, and heat pumps for allelectric heating and cooling.

General Electric enters 1977. as the result of these changes, considerably different from the Company it was just five years ago - and different in ways that enhance its profitable growth.

It's a new General Electric. But its financial objective remains unchanged: high and sustained earnings and dividend growth, achieved in ways that earn the approval and support of the societies we serve.

Looking to 1977, our economists see for the U.S. a slow recovery and substantial idle resources unless the government

acts to stimulate the economy. This stimulus should, in our view, be based primarily on permanent tax cuts for individuals and for business. While the threat of inflation is slowly abating, the burden of unemployment continues to be very real. We therefore endorse efforts to reduce structural unemployment through expansion of public service jobs and training programs that are already funded by Congress under the Comprehensive Employment and Training Act.

Anticipating that some form of stimulus will be forthcoming, General Electric managers expect further sales and earnings increases in 1977. And Utah managers foresee continuing growth in serving the world's natural resources markets. Thus, 1977 holds increased promise for General Electric.

Chairman of the Board and Chief Executive Officer

Segueld A Jones

February 18, 1977

Natural resources: Utah International

Following its 12th straight year of record earnings, Utah continues to look toward new earnings growth, especially in its Australian coking coal operations.

In millions	1976	1975	1974	1973	1972
Sales	\$1,001	\$ 706	\$ 505	\$ 369	\$ 234
Net earnings	181	108	97	76	43

With the December 20, 1976 acquisition of Utah International Inc. by General Electric has come the formation of a new General Electric business category - Natural Resources. The other GE business categories reported in this review of 1976 operations are Consumer, Industrial Components and Systems, Industrial Power Equipment, Aerospace, International, and General Electric that offer substantial protection Credit Corporation.

The natural resources category contributed 6% of General Electric's total sales in 1976 and 17% of total earnings.

With the 1976 profit improvement, Utah achieved its twelfth straight year of record earnings. The five-year table above reports Utah's results on a calendar-vear basis consistent with General Electric reporting rather than on the October 31 fiscal-year basis formerly used by Utah.

The \$181 million 1976 earnings represented a 68% gain over the 1975 earnings level.

Sales billed by Utah climbed to \$1.0 billion, a 42% rise. These increases were attributable principally to Australian coking coal and domestic uranium mining operations.

Over 95% of Utah's mineral sales backlog of \$5.8 billion, including uranium, at the end of 1976 is covered by contracts containing escalation clauses against future cost increases. Virtually all sales contracts are payable in U.S. dollars.

Approximately 95% of 1976 sales and net earnings was derived from mining activities, with most of the remainder coming from oil and gas operations. Approximately 83% of sales and 86% of net earnings originated from outside the U.S.

The principal operations conducted by Utah International include the mining of coking coal, steam coal, uranium, iron ore and copper, with gold and other metals as by-products of the copper operations.

Utah's uranium business has been transferred to a new, whollyowned company. All common

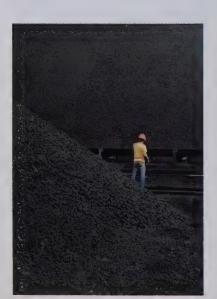
stock of this affiliate is held by independent voting trustees. Subsequent to December 20, 1976, financial results of the affiliate are not consolidated with GE's, but the Company will receive from available funds cumulative quarterly dividends commencing in May 1977 in amounts equal to 85% of the affiliate's net after-tax income for the previous quarter (without taking account of any deduction for exploration expense). Additional information on the new uranium company is given in note 12 to the financial statements.

Other operations conducted by Utah include oil and gas production, ocean shipping primarily in support of its mining activities and, on a smaller scale, land development.

Australian coking coal, most of which was supplied to Japanese and European steel producers under long-term contracts, made by far the most important contribution to Utah's earnings in 1976. Shipments from the Utah-operated Blackwater, Goonyella, Peak Downs and Saraji mines totaled 16.5 million metric tons in 1976, a 27% increase over the prior record achieved in 1975. At the end of 1976, Utah owned through affiliates approximately 89% of the Blackwater mine and 76% of the other three mines.

The Australian government has initiated policy changes to encourage development of new mining projects and to enhance the prospects for foreign investments in Australia, while at the same time providing greater opportunities for equity participation by Australian investors in new mining projects. To this end. the State of Queensland in 1976 relaxed limitations on the quantities of coal which can be exported by mines in which Utah has an interest, and the federal government reduced Australia's coal export duty and agreed to a program which will result in increased ownership of those mines by Australian investors.

Utah plans to proceed with development of Norwich Park,



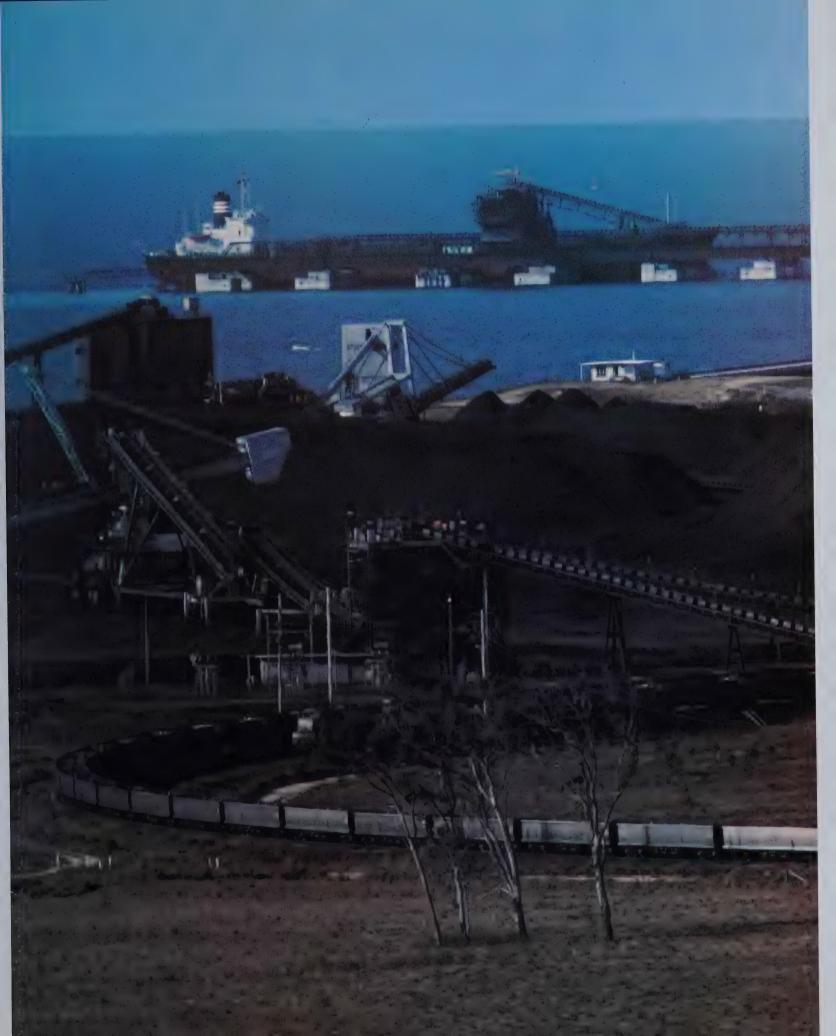
Utah International's operations are varied in terms of natural resources mined and in geographic span-

Left: steam coal for electric power generation, at the Navajo mine in New Mexico.

Right: operations at Utah's Island Copper mine in British Columbia, Canada.

Far right: part of Utah's twin facilities for loading coking coal at Hay Point in Australia, one of the world's largest coal-handling terminals.





which would become Utah's fifth coking coal mine in Queensland, Australia. Utah's interest in the new mine, as well as in the Goonvella. Peak Downs and Saraji mines, will be reduced to 68%, with the remaining interest being owned by Australian and Japanese investors. Ownership of the Blackwater mine is unaffected. Located some 30 miles south of Utah's Saraji mine, the new Norwich Park mine will be able to use much of the infrastructure put in place earlier by Utah.

Including estimated recoverable reserves at Norwich Park. Utah estimates that it has coal deposits in the Queensland lease areas in excess of 2 billion recoverable metric tons, of which approximately 1 billion metric tons are recoverable by surface mining methods.

Utah's steam coal operations serve U.S. electric utilities. The Navajo mine, held under lease in

New Mexico, is Utah's most substantial steam coal interest. It furnishes the entire fuel requirements of the 2,085-megawatt Four Corners Power Plant owned by six utility companies.

A mine being developed near Craig, Colorado, is expected to begin shipments to a new generating plant in 1977.

Copper mines in which Utah has an interest include the wholly-owned Island Copper mine in British Columbia and the 25%-owned Cyprus Pima mine near Tucson, Arizona. Copper prices were weak in 1976 while operating costs increased, resulting in lower earnings than those achieved in 1975.

Utah's iron ore mining operations include a substantial new venture in Brazil, where it has a 49% interest in Samarco Mineração, a massive project to extract iron ore from mines in the country's interior and transport it in slurry form by pipeline to a pelletizing plant and shipping terminal on the coast. First shipments of iron ore products from

this operation are scheduled for mid-1977.

Earnings from a wholly-owned iron ore mine near Cedar City, Utah, were essentially offset by losses from partly-owned mining operations in Australia.

The Peruvian government agreed to a settlement in 1976 to compensate Marcona Corporation (46%-owned by Utah) for the iron ore mining assets expropriated in July 1975. A partial recovery of amounts written off in 1975 in connection with the expropriation was recorded in 1976. See note 5 to the financial statements.

Utah's oil and natural gas operations are conducted by wholly-owned Ladd Petroleum Corporation. Sales of both crude oil and natural gas increased in 1976, but net earnings were virtually unchanged because of higher income taxes. A steppedup exploration program continued 31, 1976, may be obtained by

to show a satisfactory success ratio for new discoveries.

Low-cost transportation for mineral products is a Utah objective. Commitments were made in 1976 to purchase six very large combination carriers, the oldest of which is 41/2 years old. These ships range in size from 102,000 dead-weight tons to 166,000 dead-weight tons and were acquired at attractive prices reflecting depressed shipping market conditions.

With the decline in shipping needs, occasioned by the loss of its Peruvian properties in 1975. 46% - owned Marcona Corporation has entered into a series of transactions which have reduced its fleet and the scope of its shipping operations.

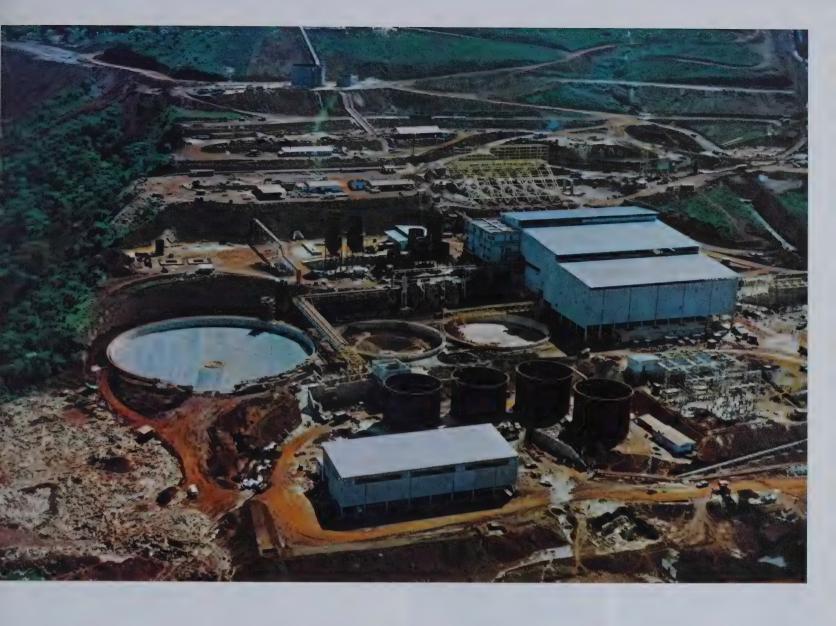
For additional information, copies of Utah's report of its last independent fiscal year of operation, which ended October writing to: Secretary, Utah International Inc., 550 California Street, San Francisco, California 94104.



To transport its natural resources, Utah International owns and operates vessels employed in ocean shipping and conducts other shipping activities. including ship charter operations.

Right: oil well operated by Utah's wholly-owned Ladd Petroleum Corporation, one of approximately 3,800 producing oil wells and 570 producing gas wells in which Ladd had an interest at the 1976 year end.







Two other facets of Utah's operations —

Above: preparing for mining huge iron ore reserves in Brazil, through participation in Samarco Mineração.

Left: believing that surface mining offers advantages in employee safety, resource conservation and cost economies, Utah is careful to restore disturbed lands and re-establish vegetation.

Consumer

With the consumer sector the strongest in the U.S. economy in 1976, GE's appliance, housewares and lamp businesses were major contributors to earnings growth.

In millions	1976	1975	1974	1973	1972
Sales	\$3,307	\$2,880	\$3,214	\$3,097	\$2,782
Net earnings	198	108	86	148	144





New from GE in '76 - Top: GE's VIR television receiver which, by using a special color reference signal broadcast with many programs, automatically controls color and tint, as indicated by the simulated TV picture

Above: Coffee Corner® drip coffeemaker - more than a coffeemaker, it stores, measures, dispenses and controls brew strength, and Toast-R-Oven® toaster which is an oven, broiler and four-slice toaster.

Right: new one-piece Bright Stik® fluorescent needs no extra fixture or special wiring, installs in minutes, is designed for use wherever extra light is needed.





Producing one of the largest and broadest lines of electrical consumer goods in the world, General Electric benefited from the recovery in consumer markets during 1976. While sales rose 15%, earnings for the category were up 83% — the result of continued expense control and improved cost/price relationships.

The consumer category contributed 18% of General Electric's total 1976 sales and 19% of earnings.

Summarizing the category's principal product operations and services:

Major appliances include both the General Electric and Hotpoint brands of kitchen and laundry appliances, plus room air conditioners and GE central air conditioning equipment. A major portion of these products is sold to a variety of retail outlets. Except for room air conditioners and central air conditioning equipment, the majority of such products, particularly washers, dryers and refrigerators, are purchased by consumers as replacement appliances.

Retail sales of major appliances continued to recover from their 1975 lows, although the rate of improvement moderated during the latter part of the year. GE managers view this as a temporary deferral of demand that is expected to give way to renewed growth in 1977.

The other principal market for major appliances consists of sales to building contractors for installation in new dwellings. The Company's contract sales were up in 1976, reflecting the somewhat higher levels of home construction.

A further rise in sales abroad strengthened General Electric's position as the leading U.S. major appliance exporter.

Demand for General Electric's Weathertron® heat pumps accelerated further during 1976, as allelectric heating and air conditioning with the heat pump were increasingly specified by builders. General Electric's Central Air Conditioning Department teamed with the Company's Space Division to participate in a program to develop a solar supplementing system using fluid solar collector panels in conjunction with the Weathertron heat pump.

Also introduced in 1976 were more efficient room air conditioner models and a Zoneline® through-the-wall heat pump unit designed for energy-saving applications in add-on rooms, hotels. motels and the contract builder market.

Higher sales of room air conditioners and GE air conditioning systems in 1976 made a significant contribution to the earnings of the Company's consumer business.

The after-sale factory service network for General Electric and Hotpoint appliances and for GE television was expanded in 1976 and now covers 122 major markets, maintaining GE's factory service leadership among manufacturers of these products.

Lamps marketed by General Electric encompass a wide variety of types — incandescent, fluorescent, photo, miniature and high intensity discharge. These operations in 1976 experienced a strong year of growth in sales and earnings. The uptrend was bolstered by General Electric's continued leadership in lamp innovations. During the year General Electric lamp operations introduced new energy-efficient lamps, including Lucalox® high pressure sodium lamps with 60% longer life, and Bright Stik®, the self-ballasted 33-watt fluorescent pictured at left.





A new palette of appliance colors in GE and Hotpoint products includes Almond, above, plus Harvest Wheat, Fresh Avocado, Coffee, Onyx and Snow. Model kitchen includes GE microwave oven and P-7® self-cleaning oven, Potscrubber® dishwasher,
Disposall® food waste disposer, trash
compactor, side-by-side refrigeratorfreezer, washer and dryer.

Left: GE "Music Machine," big-sound cassette recorder that includes a singalong mike.

Right: for personal care, there's the Power-Brush from GE with 1000 watts of drying power.



Housewares and audio

products from GE include small appliances for personal care. garment care and food preparation; clocks and timers; home security devices; and radio and related products. A modest increase in sales of housewares and audio products was accompanied by a good increase in margins.

New products introduced in housewares and audio markets in 1976 included a line of Citizens Band radios, new drip coffeemakers, a bag sealer, the Frank-N-Burger® grill and a power brush for hair styling.

TV receiver operations

shared in the general 1976 improvement in consumer markets. In this highly competitive market, General Electric strengthened its competitive position with the introduction of the VIR (vertical interval reference) system which, as pictured on page 10, reads a special color and tint reference signal broadcast with many programs and automatically adjusts the set's color rendition. Strong customer demand for this new feature boosted sales of General

Electric consoles above those for 1975.

Broadcasting and cablevision operations further improved their earnings performance in 1976. These operations include three AM and five FM radio stations, three TV stations and 12 cablevision systems. General Electric Cablevision started construction in 1976 of its Grand Rapids, Michigan system which will be its largest system when completed in 1978.

Adding to the value of General Electric consumer products is a support system that includes laboratories that generate new advances and improvements; quality control systems that make sure products are made to perform well and last long; quickly responsive distribution networks and replacement parts warehouses; warranty protection on appliances, housewares and audio products; and the strongest service network of any manufacturer.

Economic and demographic trends provide a favorable outlook for continued growth of General Electric's consumer businesses. Average growth of non-automotive durables is expected to outpace the U.S. Gross National Product through 1981; households with incomes above \$25,000 are expected to rise; the most significant population change is expected to be the growth of the 20- to 40-year-old age group, a primary market for consumer products; and the major appliance businesses ex-

pect to benefit from replacement

by 1981 of more than 90 million

of the 350 million major appli-

Business environment:

ances now in use.

Factors external to the Company continue to impact on the future of General Electric's consumer businesses and on the interests of share owners. Maintaining their advocacy of measures to strengthen consumers' confidence and purchasing power, General Electric managers in 1976 continued in their public statements to urge control of inflation and of excessive governmental growth, and the need for a permanent tax cut to give additional lift to the economy.

General Electric Credit Corporation

(In millions)	'76	'75	'74	'73	'72
Net earnings	\$59	\$52	\$43	\$42	\$41

In 1976, earnings of General Electric Credit Corporation (GECC) were 13% higher than in 1975, despite generally weak demand in most consumer and business financing markets.

GECC is a wholly-owned nonconsolidated finance affiliate. which engages primarily in consumer financing and commercial and industrial financing. Products of companies other than General Electric constitute the major portion of products financed by GECC.

Condensed financial statements of GECC appear in note 12 to the financial statements.



Sources of growth for GE consumer products.

Left: GE's Customer Care® service, whose favorable rating by consumers provides a strong reason for choosing GE and Hotpoint appliances and GE TV.

Right: the GE Weathertron® heat pump, today's most efficient method of electric heating, is participating in a trend that saw industry sales climb to new highs in 1976.



Industrial components and systems

n millions	1976	1975	1974	1973	1972
Sales	\$4,787	\$4,320	\$4,529	\$3,728	\$3,158
Net earnings	266	226	254	181	156

GE's largest business category grew further in 1976 on the strength of increases in materials, components and communications equipment, as well as health care, information and apparatus repair services.

Some of General Electric's strongest growth businesses are included in the diverse operations that make industrial components and systems GE's largest service shops and remote business category.

With GE's businesses in engineering plastics, appliance components, silicone chemicals, communications products, information services and apparatus service shops all showing strong increases in sales and earnings, the category's growth businesses in 1976 outweighed other businesses on less favorable cycles. The category, consequently, showed an 11% gain in sales and an 18% increase in earnings.

Industrial components and systems accounted for 26% of the Company's total sales and 25% of earnings for the year.

The products of this category include those used by manufacturers as part of their own productive capacity; components and materials incorporated by manufacturers and contractors into their own end

products; specialized equipment such as that supplied for medical care and for communications; services including apparatus computing; and distribution of electrical and allied products.

Highlights of 1976 operations: Industrial capital equipment supplied by General Electric covers a range from automation systems to transportation equipment.

Sales by General Electric's locomotive operations, both international and domestic, were down from 1975 levels, reflecting the generally depressed markets for these products. Improvement in General Electric's business in other rail and transit equipment in 1976 helped offset this decline.

Sales of electric wheels for off-highway haulage vehicles were down from record 1975 levels, but are expected to rebound in 1977.

Other businesses, including industrial automation systems and electrical components for industrial and residential construction, showed modest sales gains for the year. General Electric's businesses in industrial motors, drive systems and controls are anticipating the present economic recovery's entry into the phase when industry will step up its investments in the expansion and modernization of production facilities. Surveys of capital expansion plans for industry indicate that an upturn for this market is expected during 1977.

Components operations of General Electric supply appliance controls, small motors and electronic components, both for GE products and those of other manufacturers. The motors and controls businesses benefited from the recovery in consumer goods markets to sustain the upturn that began in 1975. To strengthen its business with appliance manufacturers, General Electric introduced a highefficiency motor that requires less energy to deliver its power output.

In electronic components, General Electric has concentrated on developing a profitable business in markets where steady rather than volatile and cyclical growth can be anticipated.

Materials represent an important additional layer of business growth derived from General Electric technology. The spectrum of GE's man-made materials includes four families of engineering plastics, each of which enjoyed a year of growth in 1976. The trend toward substituting these plastics for metals is strengthening, as customers continue to realize the lower energy conversion costs, the weight advantages and the highperformance characteristics of engineering plastics over diecast metals.

To improve its profitable performance in these materials,



Among the wide array of products and services offered by GE industrial operations in 1976 -

Left: expanded apparatus service in Singapore that includes gas turbines and motors in addition to marine diesel repairs.

Right: newly-introduced, easy-toinstall Door Chimes are part of GE's line of wiring devices and come in 11 different models combining a full range of decorative styles and tonal qualities.



General Electric is carrying through an internal program of vertical integration that, in 1976, added facilities to supply chemicals basic to the production of engineering plastics.

Another General Electric materials business showing good growth and good results in 1976 was that in silicone chemicals. Businesses in Man-Made® diamond and Borazon® abrasive also showed continued sales and earnings growth in 1976.

General Electric conducts its materials business on an international scale. Growth in 1976 included improved results from offshore as well as domestic operations.

Specialized equipment is supplied by GE to the medical profession and the communications industry.

In 1976, GE's medical systems business added an advanced computerized tomography system to its long-estab-

lished line of x-ray diagnostic equipment. To produce a cross-sectional view of the human body, GE's system requires only a 4.8 second scan — a speed that permits clearer images than those from other systems on the market. This GE business built a heavy backlog of orders for this equipment in 1976. A newly designed line, RFX® x-ray equipment, was also introduced during 1976, reaffirming GE's continuing commitment to the established x-ray market.

Communications equipment, including mobile radio and data communications equipment, also had a year of substantial growth. Fifty-percent ownership of Storno, a respected European manufacturer of mobile radio equipment, strengthened GE's thrust in international markets, while further innovations in TermiNet® terminals and printers kept GE a strong competitor in computer interface equipment.

Services businesses being developed on an international scale by General Electric include expansion of the Company's

global information services system and a globe-circling series of apparatus service shops.

GE's information services business sustained its high rate of growth in domestic and international markets. To accommodate this growth, a third computer Supercenter is being added to the system. This new Supercenter increases the capacity of the MARK III® information services system to meet Europe's increasingly sophisticated service needs.

The opening of several new facilities in 1976 in the U.S. and other countries added to the growing worldwide network of General Electric apparatus service shops. These shops provide maintenance, inspection, repair and rebuilding of electrical and mechanical apparatus produced by General Electric and other manufacturers.

Distribution services are provided by the General Electric Supply Company, whose net-

work of supply centers markets GE and other products to commercial, utility and industrial customers as well as to electrical contractors. The company has recently extended its supply operations overseas.

Business environment:

Future industrial growth in the nation's economy will, in the judgment of GE management, require an increase in capital spending. Investment by industry, however, has been hampered worldwide by continued societal over-emphasis on consumption rather than on production, on redistribution rather than on creation of wealth, and on governmental growth that is too great for the tax base that supports it. While major changes are desirable, modest steps that can be taken toward correction include depreciation allowances that better recognize inflated costs of replacing plant and equipment. Another modest step: elimination of the bias against new equity by tax reforms that would remove the double taxation of dividends.



Emphasis on advanced technology underlies the growth of GE businesses serving industrial and community customers—

Left: control center for communitywide mobile radio system developed for Indianapolis. A series of consoles provides fast, efficient coordination of the city's police force and ties together both police and fire-fighting operations.

Right: GE's New Series locomotives incorporate over 70 innovations that lower maintenance costs, reduce fuel usage and improve reliability.







Major investments in GE's facilities in Mount Vernon, Ind., above, enable the GE engineering plastics businesses to move toward increased profitability by making their own basic chemicals. Facilities to supply caustic chlorine and Bisphenol-A were added in 1976.

Left: the worldwide capacity of GE's computer information services system was extended with the opening of GE's first offshore computer Supercenter near Amsterdam, the Netherlands.

Industrial power equipment

1974 1973 1972 1975 In millions 1976 \$2,249 \$2,787 \$2,477 Sales \$3,074 \$2,922 101 Net earnings

General Electric's operations serving electric utilities improved their results in 1976. Renewed growth in electrical usage brightens the longer-term outlook.

General Electric's industrial power equipment category contributed 17% of the Company's total sales and 7% of earnings in 1976.

The GE operations making up this category are engaged principally in supplying electric utility customers with products for the generation, transmission and distribution of electricity. Serving a market that is sensitive to fluctuations in electric power consumption and to the financial strengths of the electric utility industry, GE operations saw some improvement during the year in both of these factors:

- After two years without a significant increase, U.S. electrical consumption rose by 6.6% as the economy strengthened. Industrial usage of electricity rose 9.3% for the year, while commercial consumption increased 5.4% and residential usage rose 4.4%.
- A resumption of sales growth, together with more moderate

rates of inflation, enabled the utility industry generally to improve its financial condition, as measured by higher earnings, increased dividend payments, improved cash flow and better interest coverage.

GE's managers believe that, barring a major disruption in the economy, the period marked by utilities' large-scale cancellations and deferrals of orders is past and that the resumption of electrical load growth should, over the next few years, require new orders for power generation and delivery apparatus.

GE's backlog of unfilled orders for the category was \$13.5 billion at the end of 1976, unchanged from the previous year end

Steam turbine-generators. the largest business in this category, increased both sales and earnings in 1976. Shipments were 18.8 million kilowatts in 1976 compared with 16.4 million kilowatts in 1975.

The backlog for steam turbinegenerator equipment was \$4.7 billion at year-end 1976, of which \$1.9 billion is scheduled for

shipment after 1981. The 1975 backlog was \$4.7 billion, of which \$1.8 billion was scheduled for shipment after 1980.

In addition to supplying electric utilities and in-plant generation facilities for industrial customers, General Electric supplies turbines and gears to the commercial marine market and the U.S. Navy for ship propulsion. Demand in the marine sector continued to be low, as the worldwide recession left the shipping industry with excess capacity.

Gas turbines, used principally as packaged power plants for electric utility service and also for such mechanical-drive applications as pipeline pumping and marine propulsion, showed improved sales and earnings for the year. Strong demand for these units by overseas customers in such markets as the Middle East. Far East and South America was an important offset to the slackness in domestic sales resulting

from utilities' high reserve margins.

GE's gas turbine operations have been reorganized to achieve improved performance at lower production rates. General Electric is concentrating on two significant areas of gas turbine technology: development of highefficiency machines for international markets in the 1980s; and ioint development with General Electric aircraft engine operations of aircraft derivative gas turbines for industrial applications. These units are scheduled to be introduced in 1977.

Nuclear operations conducted by GE include the manufacture of boiling water power reactors and nuclear fuel assemblies. This business operated at a loss in 1976. General Electric is spending significant amounts on engineering and development in support of nuclear projects in the backlog. These expenditures, when coupled with the effects of deferments of shipments and cancellations of orders, are likely to result in several years during which the nuclear business will



Reputation for high-quality performance has built a growing demand for GE high-technology products including steam turbine-generators and ship propulsion systems -

Left: the new 490,000-kva Duck Creek Power Station of the Central Illinois Light Co. is the first to incorporate the new GE Micapal II® insulation system for steam turbinegenerator stator windings to meet the demand for high reliability.

Right: the Oriental Statesman, new containership utilizing GE steam turbine propulsion technology and Integrated Turbine Control System.







More nuclear power for eastern Japan will be supplied by the 1,100-megawatt Tokai 2 station, above.

Built by the Japan Atomic Power Company, the plant includes a General Electric BWR nuclear steam supply system, turbine-generator set, left, radioactive waste processing system, and feedwater pumps and drives.

Control room, right, is scheduled to initiate commercial operation of the station in December 1977.



operate at a loss, whereas it had been marginally profitable in recent years. It is management's belief that any such losses will not impact materially on General Electric's profitability.

GE's nuclear orders backlog at 1976 year end was \$6.0 billion, of which \$2.5 billion is scheduled for shipment after 1981. The 1975 backlog was \$6.2 billion, of which \$3.3 billion was scheduled for shipment after 1980.

While GE management believes that nuclear power needs to be increasingly utilized if the U.S. is to achieve a greater measure of energy self-sufficiency, the use of nuclear power has been for some time a subject of increasing controversy. The future growth of nuclear power will depend not merely on a resumption of utility demand for generating equipment, but also on favorable public acceptance of nuclear power and on government action to resolve present uncertainties regarding key segments of the nuclear fuel cycle, such as use of plutonium, spent fuel reprocessing and radioactive waste storage.

Power delivery businesses produce transformers, power

circuit breakers, switchgear, lighting systems and meters. Although sales were down somewhat from 1975, earnings continued to improve as the result of productivity improvement programs and better cost/price relationships.

Additional information. On December 10, 1976, General Electric and the Department of Justice entered into an agreement to modify the terms of a 1962 antitrust decree relating to the sale of large steam turbine-generators. Under the terms of the agreement, GE accepts certain limitations on its future conduct. Among other things, for 15 years GE will not publish steam turbine-generator prices or publicly announce turbine pricing policies. General Electric also accepts certain limitations on its right to gather competitive information for a period of 10 years. The proposed modification will be presented for court approval in March 1977, after a period to permit public comment. One petition has been filed to

amend the decree to provide for payments for alleged damages with respect to turbine-generator sales since 1963; GE will oppose this petition.

On February 2, 1977, the American Electric Power System and General Electric agreed to settle the antitrust litigation concerning GE's turbine pricing practices which AEP had initiated in 1971. In the settlement, GE agrees to reimburse AEP for a portion of its litigation expenses and to dismiss trate requirements are estimated its counterclaim against AEP. The settlement is contingent upon court approval of the modified consent decree described above. After the initiation of the AEP case, GE granted an extension of the statute of limitations to other utilities, with respect to their turbine purchases. These extension agreements remain in effect until 90 days after notice of termination government policies regarding of the AEP case.

As reported in previous Annual Reports, customers have required that nuclear fuel be sold with warranties covering the useful life of the fuel, even though the experience base for predicting the life of nuclear fuel under power plant operating conditions is still rela-

tively small. As of December 31, 1976, there were open warranty commitments on fuel with an original sales value of approximately \$660 million, and on fuel in the backlog presently valued at \$2.8 billion, covering deliveries through the 1980s.

In addition, fulfillment of a small number of its nuclear fuel orders requires the Company to procure uranium concentrate. GE's maximum uranium concento total about 27 million pounds, but actual requirements are likely to be about 18 million pounds or less. GE has on hand or under contract about 20 million pounds. Also, some fuel orders include uranium enrichment, reprocessing, plutonium fabrication and waste disposal services. In view of continuing uncertainties as to key segments of the nuclear fuel cycle, and ongoing discussions with customers, the availability and costs of these services are not now determinable.



New developments from General Electric are advancing the technology of power delivery

Left: solid-state HVDC (High Voltage Direct Current) converters at the first permanent connection between U.S. eastern and western power grids, in Stegall, Nebraska.

Right: new GE Power/Vac® metalclad switchgear utilizes the benefits of vacuum interrupter technology to achieve greater reliability, simplicity and reduced size.







The diversity of GE projects in support of electrical progress includes, above, advanced lighting system designed for new Giants stadium at East Rutherford, N.J., illuminated by GE Powr·Spot® luminaires and 1500-watt GE Multi-Vapor® lamps.

Left: GE's IR-70 "time-of-day" watt-hour meter, with programmer, that can be used to register consumption of electricity during specific periods of the day and days of the week.

Right: GE Installation and Service Engineering specialists supervise vessel component installation in a nuclear power reactor.



Aerospace

A fourth straight year of growth as space technologies lead to new communication and energy projects, and jet engines continue their market diversification.

In millions	1976	1975	1974	1973	1972
Sales	\$2,099	\$1,972	\$1,916	\$1,611	\$1,514
Net earnings	95	76	75	44	27





GE space experts are at work on satellite systems that provide new approaches to communications, navigation, broadcasting and analysis of earth resources -

Top: GE work on earth stations to handle communications via satellites.

Above: building the Japanese Broadcast Satellite, which will provide color TV service to all of Japan.

Right: another offshoot of GE space work - linking of solar-energy technology with GE heat pumps to offer home builders a new solar-heating option.



General Electric's Aerospace businesses in 1976 sustained their fourth straight year of gains in sales and earnings. The 1976 improvement was primarily because of increased sales of electronic equipment, jet engines and spare parts to military and commercial customers.

The category contributed 11% of total GE sales and 9% of earnings. Included are jet engines used in commercial and military aircraft, in naval ships and as industrial power sources. Electronic and high-technology products include missile launch, guidance and re-entry systems, earth-orbiting satellites, radar and sonar systems, armament systems, aerospace instruments and aircraft instrumentation and controls. Among the programs served by General Electric are the Polaris, Poseidon and Trident submarine-launched missiles. and the land-based Minuteman missile system.

GE businesses in jet engines for aircraft, marine and industrial applications are operating in a more settled market than that of a decade ago. While 1976 sales edged marginally ahead of the 1975 level, earnings were increased substantially.

More than 230 jetliners powered by the GE CF6 engine were in service at year end with 39 customers throughout the world. Over six million engine flight hours have been accumulated by the CF6, which is the only engine in service on two-, threeand four-engine wide-body aircraft - the European A300, the DC-10 and the 747.

Six of the CFM56 turbofan engines being jointly developed by GE and the French engine manufacturer, SNECMA, were on test at year end. The engine is under consideration for several advanced derivatives of commercial aircraft in the short- and medium-range category and for military applications.

The market for aircraft derivative engines for marine and industrial applications is expanding. The LM2500 engine powering Spruance-class naval destroyers is also being delivered for use on hydrofoils and guided missile frigates.

During 1976, the Army's T700 helicopter engine met all technical, cost and schedule milestones. Full-scale production is slated for 1978. Testing of the F101 engine for the B-1 continued and the U.S. Air Force approved initial production. Engine development work for the U.S. Navy's F-18 progressed ahead of sched ule, and the GE-powered YC-14, a prototype U.S. Air Force advanced medium STOL transport, began flight testing.

GE's space technologies produced these 1976 highlights:

- The GE-COSMOS group was selected to build AEROSAT, the international experimental transoceanic communications satellite for commercial aircraft, an improved oceanic air traffic control system for the mid-1980s
- The Imperial Government of Iran selected GE to build an advanced-technology ground station near Teheran that will operate in conjunction with the Landsat earth resources satellite and meteorological satellites.
- New technology is being developed under NASA contract involving a high-performance solar collector and a new solardriven heat pump.
- General Electric was selected by the Energy Research and Development Administration to build two wind turbine electrical generators of 1.5 megawatts each that will supply power directly to an electric utility system.





GE's emphasis on building reliable engines for jet aircraft is indicated, above, by testing of a CF6 engine at the GE Peebles, Ohio outdoor proving ground.

Left: GE-powered planes at the airport in Frankfurt, West Germany include DC-10 tri-jets and the A300 European Airbus.

Right: GE jet engines are being used increasingly in marine applications, as indicated by this hydrofoil.



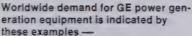
International

Exports of high-technology products, strong performance by Latin American affiliates lead the way to further growth for GE's international category.

in m ! ons	1976	1975	1974	1973	1972
Sales	\$4 024	\$3,745	\$3.218	\$2.318	\$1.830
1,21 4210 070	198	158	174	139	98







Top: shown framed by supply piping, facility of Instituto Venezolano Petroquimica on Lake Maracaibo, Venezuela uses GE medium steam turbinegenerator to provide in-plant power.

Above, left: six 20,000-kw GE gas turbines at the Delta II station of the Nigerian Electric Power Authority. Above, right: GE gas turbines installed at P.T. Caltex Pacific in Sumatra. Indonesia.

Right: a complex of GE-designed gas turbines supplying electricity in West Germany.





General Electric's international businesses in 1976 improved their sales and earnings over those for 1975.

General Electric's international category includes U.S. exports and the operation of diversified foreign affiliates, each of which manufactures and sells a variety of products. Operations of non-diversified foreign affiliates are included in their appropriate product categories. Condensed financial statements for all of these international affiliates are shown on page 43.

The strong sales performance was derived in part from the substantial orders backlog built up in preceding years. Earnings for the year were increased by a nonrecurring pre-tax gain of \$20.7 million realized from the sale of the Company's investment in AEG-Telefunken. The international category's contribution to General Electric's results represented 22% of total sales and 18% of earnings.

GE export sales from the U.S. during 1976 totaled \$1.9 billion, compared with \$1.6 billion in 1975. The sales gains, led by high-technology products such as aircraft engines and equipment and power generation equipment, resulted in earnings well ahead of those for 1975.

The volume of new orders received during 1976 was about the same as in 1975. Long-term, however, there are increasing op- Business environment: portunities for additional growth in export orders by GE businesses national business was urged by that serve the infrastructures of many developing countries.

GE's diversified affiliates in such countries as Canada, Italy, Brazil, Venezuela, Spain, Mexico and Australia manufacture products principally for their own markets. With a few of these operations showing good improvement and others hampered by depressed economies in their countries, the net result was a small gain in sales and earnings.

The strongest performance was that of the Company's Latin American affiliates, led by GE's diversified operations in Brazil and Venezuela. On the other hand, GE-Mexico's income was affected adversely by the year's peso devaluation.

Sales by Canadian General Electric Co. Ltd. increased to \$879 million in Canadian dollars. Earnings, affected by economic conditions, declined from 1975 which included proceeds from the sale of the heavy-water plant. In an important new move, Canadian GE and GSW, Ltd., agreed to form a new company, Canadiai Appliance Manufacturing Co. Ltd., to acquire the major appliance and service operations of both companies. Agreement was also reached with Westinghouse Canada Ltd. (WCL) for the new company to purchase the major appliance operations of WCL.

GE's diversified affiliates in European and Far Eastern countries, including Australia, generally showed lower sales and earnings as a result of adverse economic conditions. These GE operations continue, however to provide a base and a body of expertise that contribute to opening up export orders and other business opportunities for GE.

Stronger public support of inter-GE managers in 1976, in the belief that increased exports consistent with national security requirements can strengthen the U.S. by creating additional jobs, and that the peoples of the world need the transfers of technology, the increased trade and the career opportunities that result from international enterprise.





Three important facets of GE's international business -

Above: expansion of power generation capability of Grand Coulee Dam in the U.S. includes the world's largest hydraulic turbine, designed by Canadian General Electric's Dominion Engineering Works.

Left: new roll-on/roll-off containership in San Francisco harbor represents both U.S. export business of GE and GE's international business in ship propulsion systems.

Right: GE help in building the infrastructures of developing nations is exemplified by an Erie-built locomotive in service in Nigeria.



Board of Directors

Approval of GE-Utah merger, dividend increase, first meeting outside the U.S., GE's Dividend Reinvestment Plan and election of new Directors highlight Board's 1976 activities.

For General Electric's Board of Directors, a number of special events added to its ongoing responsibilities in 1976.

The Board was involved closely with the proposed Utah International Inc. merger at each stage of its development, ending with the recommendation that share owners vote in favor of the merger at the special share owners' meeting on December 15.

In September, the Board approved a 121/2 % increase in the regular quarterly dividend, from 40 to 45 cents per share.

The September meeting in Canada marked the first time that the Board has met outside the United States. The Directors met with Canadian civic and industrial leaders in Toronto and conducted committee and full Board meetings in Montreal, where they also reviewed the heavy apparatus operations of CGE's Dominion Engineering Works.

GE's Dividend Reinvestment Plan was reviewed and approved by the Board of Directors at its November meeting, as a service for share owners wishing to make regular purchases of GE stock.

The GE Plan, to begin with the July 1977 dividend, is notable for its flexibility: not only may share owners automatically reinvest their total dividends, but they may also invest less than total dividends by designating a portion of their holdings for participation in the Plan, and they can invest more than their total dividends by making additional payments of cash, to a maximum of \$3,000 per quarter. Details of the Plan, together with authorization forms, will be distributed to share owners of record at the end of April.

Two new Directors were elected: Gertrude G. Michelson, a Senior Vice President of Macy's-New York, and Lewis T. Preston, Vice Chairman of the

Board and Director of J. P. Morgan & Co. Incorporated and of Morgan Guaranty Trust Company of New York.

To avoid possible conflicts of interest occasioned by the Utah International Inc. merger, Gilbert W. Humphrey, Chairman of the Board and Director. The Hanna Mining Company, Cleveland, Ohio, who had served with distinction since 1955, asked the Board to accept his resignation.

Thomas S. Gates, who had given dedicated service as a Director since 1964, resigned to serve as U.S. Representative, with the rank of Ambassador, to the People's Republic of China.

The Board was saddened by the death, on September 6, of Herman L. Weiss, Vice Chairman of the Board and Executive Officer since 1968. Mr. Weiss had served GE with great dedication for over 37 years.

The deaths of two Directors Emeriti who had given long and valued service to General Electric were noted with regret by the Board. Charles D. Dickey, Sr., served as a Director from 1940 to 1965. G. Peabody Gardner was a member of the Board from 1938 to 1959.

Two new Committees of the Board — the Audit Committee and the Finance Committee were established in 1976 in place of the former single Audit and Finance Committee. The importance of the change lies in the fact that all four members of the new Audit Committee are from outside the Company.

With this change, GE's Board has been structured to include the six Committees listed on the following page.

The Committees enable the Board to keep pace with the increasing complexity of the business environment by concentrating on specific areas of Board responsibilities prior to full Board deliberations.

In 1976, as an example, the Audit and Finance Committee conducted detailed reviews of the Company's borrowings, investments, foreign credit and currency exposure, General Electric Pension Trust operations and other key financial areas. The Committee also, in a joint meeting with the Operations Committee, reviewed the Annual Report and Proxy Statement, And, with no GE members of the Board present, the Committee met with representatives of the independent public accountants with respect to their examination of the Company's financial statements.

The Technology and Science Committee paid particular attention to developments in the nuclear power business, while the Public Issues Committee concentrated on the activities of General Electric's Washington Office, equal opportunity performance and the Company's response to public issues affecting the business.

The Management Development and Compensation Committee, which does not include any employees of General Electric, continued to supply an independent source of judgment on the quality of General Electric management, manpower development programs and executive performance.

The listing of Directors at right is in the order of their seniority on the Board, with the year they were first elected to the Board shown in parentheses. Only four of the Directors are members of GE/Utah management. The other 14 are from outside the Company, having earned positions of leadership in business, finance, education, law and public service.

Frederick L. Hovde, President Emeritus, Purdue University, Lafayette, Ind. (1956)

John E. Lawrence, President, James Lawrence & Co., Inc., cotton merchants, Boston, Mass. (1957)

Walter B. Wriston, Chairman and Director, Citicorp and Citibank, N.A., banking and financial services, New York, N.Y. (1962)

Ralph Lazarus, Chairman of the Board and Director, Federated Department Stores, Inc., Cincinnati, Ohio. (1962)

Gilbert H. Scribner, Jr., President and Director, Scribner & Co., real estate and insurance, Chicago, III. (1962)

Edmund W. Littlefield, Chairman of the Board and Director, Utah International Inc., San Francisco, Calif. (1964)

J. Paul Austin, Chairman of the Board and Director, The Coca-Cola Company, Atlanta, Ga. (1964)

Jack S. Parker, Vice Chairman of the Board and Executive Officer, General Electric Company, Fairfield, Conn. (1968)

Walter D. Dance, Vice Chairman of the Board and Executive Officer, General Electric Company, Fairfield, Conn. (1971)

Reginald H. Jones, Chairman of the Board and Chief Executive Officer, General Electric Company, Fairfield, Conn. (1971)

James G. Boswell II, President, J. G. Boswell Company, farming and related businesses, Los Angeles, Calif. (1971)

Charles D. Dickey, Jr., Chairman, President and Director, Scott Paper Company, Philadelphia, Pa. (1972)

Henry L. Hillman, President and Director, The Hillman Company, diversified operations and investments, Pittsburgh, Pa. (1972)

Silas S. Cathcart, Chairman and Director, Illinois Tool Works Inc., diversified products, Chicago, III. (1972)

Henry H. Henley, Jr., President and Director, Cluett, Peabody & Co., Inc., manufacturing and retailing of apparel, New York, N.Y. (1972)

Samuel R. Pierce, Jr., Partner, Battle, Fowler, Lidstone, Jaffin, Pierce and Kheel, law firm, New York, N.Y. (1974)

Gertrude G. Michelson, Senior Vice President, Macy's-New York, N.Y. (1976)

Lewis T. Preston, Vice Chairman of the Board and Director, J. P. Morgan & Co. Incorporated and Morgan Guaranty Trust Company of New York, N.Y. (1976)



Frederick L. Hovde



John E. Lawrence



Walter B. Wriston



Ralph Lazarus



Gilbert H. Scribner, Jr.



Edmund W. Littlefield



J. Paul Austin



Jack S. Parker



Walter D. Dance



Reginald H. Jones



James G. Boswell II



Charles D. Dickey, Jr.



Henry L. Hillman



Silas S. Cathcart



Henry H. Henley, Jr.



Samuel R. Pierce, Jr.



Gertrude G. Michelson



Lewis T. Preston

Committees of the Board

C. D. Dickey, Jr., *Chairman*, F. L. Hovde, J. E. Lawrence, S. R. Pierce, Jr.

Finance

E. W. Littlefield, Chairman, R. H. Jones, Vice Chairman, C. D. Dickey, Jr., H. H. Henley, Jr., L. T. Preston, G. H. Scribner, Jr., W. B. Wriston

Management Development and Compensation

R. Lazarus, Chairman, J. P. Austin, S. S. Cathcart, J. E. Lawrence, W. B. Wriston

Operations

J. P. Austin, Chairman, J. S. Parker, Vice Chairman, J. G. Boswell II, G. G. Michelson, L. T. Preston, G. H. Scribner, Jr.

Public Issues

H. H. Henley, Jr., Chairman, W. D. Dance, Vice Chairman, H. L. Hillman, R. Lazarus, G. G. Michelson, S. R. Pierce, Jr.

Technology and Science

J. G. Boswell II, Chairman, W. D. Dance, Vice Chairman, J. S. Parker, Vice Chairman, S. S. Cathcart, H. L. Hillman, F. L. Hovde, E. W. Littlefield

Progress in 1976 included advances in opportunities for women, minorities and the handicapped, new three-year union contracts and increased aid to education.



Progress for people at General Electric in 1976 is represented by, above, discussion of environmental health at GE management conference, led by Dr. Thomas R. Casey, Vice President and Company Medical Director.

Right: Open Staffing Program initiated on a Company-wide basis requires all new and replacement job openings for a broad range of salaried positions to be posted so that employees can nominate themselves. Shown: employees at the Space Division in Valley Forge, Pa.

Below: the first graduate of the GE Apprentice Program in Schenectady, N.Y., Frank Lange, 92, discusses changes since 1903 with recent graduates Kathy Komp and Gordon Harpine.





U.S. employment by General Electric at the end of 1976, including Utah's domestic employees, was 269,400, up slightly from the 267,500 at the beginning of the

The Company's equal opportunity employment programs in 1976 produced substantial increases in the numbers of women and minorities in the jobs of managers, professionals and lowerskill categories such as operators and service workers.

Analysis of overall domestic employment by General Electric and General Electric Credit Corporation for the year ended September 30, 1976 shows that the number of women managers increased 20.9%, from 693 to 838, and women professionals increased 11.6%, from 2,594 to 2,896.

Minority managers increased by 11.4%, from 860 to 958. Minority professionals increased by 8.4% from 2,144 to 2,324.

Women and minorities also made significant gains in the lesser-skill categories as the year's upturn in business enabled a number of GE plants not only to recall many of those on layoff but also to create new jobs. Women represented 45% of these lesserskilled jobs and minorities 18%. Overall, women account for 27.4% of GE employment and minorities 10.7%.

In employee recruiting, a major problem has been the continuing shortage of women and minority job candidates with degrees in engineering. GE in 1976 continued its support of programs substantial savings in fuels and designed to increase the number of women and minority students who pursue engineering careers. Under cooperative programs in which students combine on-thejob training with college courses. a high proportion of such General Electric engineering assignments in 1976 was held by minorities

and women. Similarly, minorities and women were strongly represented in summer employment of high school and college students.

Affirmative action programs to increase jobs for the handicapped and for Vietnam veterans went into effect in 1976.

Pay and benefits: Peaceful settlement in June of negotiations on a new contract with unions representing more than 110,000 employees provided for pay increases for most employees of from \$44 to \$64 a week, depending on the employee's skill classification, over the next three years. The new contracts provide pay equity to offset the effects of high inflation rates of recent years and a new cost-of-living arrangement that responds to inflationary trends more appropriately. The new agreements also make improvements in pensions, vacations and other benefits.

Grants to education totaling \$3.8 million were made in 1976 by the General Electric Foundation, which directs its support entirely to education, and primarily higher education.

The Foundation maintained substantial funding of minority education and equal opportunity programs, as well as of science, engineering and technology programs. Support was also provided to career education and guidance programs designed to reduce youth unemployment.

Energy conservation efforts by General Electric operations have produced, since 1973, a energy resources required to manufacture products. Awards received by the Company in 1976 from the Department of Commerce and the Federal Energy Administration attest to the effectiveness of the General Electric energy conservation program.

Management

Managerial leadership for General Electric is provided by the 96 executives presented on this and the following two pages, with the 15 officers of Utah International further augmenting the Company's managerial resources. To assure GE's continued

manageability as it continues its 'world company' growth, the Company will be reorganized during 1977. The present nine Groups will be restructured into perhaps six operating components - each called a Sector - with Utah International as the

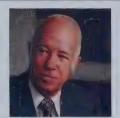
seventh. In some cases the Sector Executive will have one or more Groups as well as Divisions, Departments and Affiliates reporting to him. The first Sector designated is that of Consumer Products and Services.

Further depth in management,

providing leadership for the future, is the objective of programs conducted by the GE Management Development Institute. In 1976, its 20th year, the Institute provided several thousand employees with managerial and professional learning opportunities.

Members of the Corporate Policy Committee

Making up this committee are, in addition to the Chairman of the Board, the eight officers pictured here.



Walter D. Dance Vice Chairman of the Board and Executive Officer



Jack S. Parker Vice Chairman of the Board and Executive Officer



Hershner Cross Senior Vice President Corporate Administrative Staff



Oscar L. Dunn Senior Vice President Corporate Development



Charles E. Reed Senior Vice President Corporate Technology



Robert R. Frederick Vice President Corporate Strategic



Walter A. Schlotterbeck Vice President, General Counsel and Secretary



Alva O. Way Vice President Finance

Sector and Group Executives



Stanley C. Gault Vice President and Sector Executive Consumer Products and Services Sector



Vice President an Group Executive International and Canadian Group



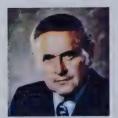
Richard O. Donegan Vice President and Group Executive Major Appliance Group



Edward E. Hood, Jr. Vice President and Group Executive Power Generation



Robert B. Kurtz Vice President and Group Executive Industrial and Power Delivery Group



Mark Morton Vice President and Group Executive Aerospace Group



Gerhard Neumann Vice President and Group Executive Aircraft Engine Group



Thomas A. Vanderslice Vice President and Group Executive Special Systems and Products Group



John F. Welch, Jr Vice President and Group Executive Components and Materials

Management

				4
Corporate Policy Committee	Reginald H. Jones Chairman of the Board and Chief Executive Officer	Walter D. Dance Vice Chairman of the Board and Executive Officer	Jack S. Parker Vice Chairman of the Board and Executive Officer	
	Hershner Cross Senior Vice President Corporate Administrative Staff	Oscar L. Dunn Senior Vice President Corporate Development	Charles E. Reed Senior Vice President Corporate Technology	1
Sector and Group Executives	Stanley C. Gault VP and Sector Executive Consumer Products and Services Sector	Richard O. Donegan VP and Group Executive Major Appliance Group	John F. Burlingame VP and Group Executive International & Canadian Group	1
Corporate Staff Officers	Michael G. Allen VP and Staff Executive Corporate Strategy and	Arthur M. Bueche VP-Research and Development	Thomas R. Casey, M.D. VP—Corporate Medical Operation	
	Systems Leonard C. Maier, Jr. VP—Corporate Employee	Edward H. Malone VP-Trust Operations	Terence E. McClary VP-Corporate Financial Administration	
	Relations Cecil S. Semple VP-Corporate Customer Relations	Thomas O. Thorsen VP and Comptroller	Steven C. Van Voorhis VP-Northeastern Regional Relations	
Operating Groups		Major Appliance	International & Canadian	Ī
	Robert V. Corning VP and General Manager Lamp Division	Arthur E. Andres VP and General Manager Contract Sales Division	James R. Birle General Manager Far East Division	
	Paul W. Van Orden General Manager Housewares and Audio Division	Donald S. Beilman General Manager Major Appliance Applied Research and	Kristian H. Christiansen VP and General Manager International Sales Division	
	John W. Stanger President and General Manager General Electric	Engineering Division William B. Clemmens VP and General Manager Retail Sales Division	Willis E. Forsyth VP and General Manager Latin America Division	
	Credit Corporation (an affiliate of General Electric)	Robert E. Fowler, Jr. General Manager	Richard W. Foxen VP and General Manager Europe Division	
		Major Appliance Manufacturing Division Irving L. Griffin VP and General Manager	Paolo Fresco General Manager Africa/Middle East Division	
		Major Appliance Sales and Distribution Operations	Edward F. Roache VP and General Manager International Business	
		Donald W. Lynch VP and General Manager Air Conditioning Division	Support Division Alton S. Cartwright President and Chief	
		Van W. Williams	Executive Officer	

Lester W. Dettman VP-East Central Regional Relations

Robert R. Frederick Vice President Corporate Strategic Planning

Edward E. Hood, Jr.
VP and Group Executive
Power Generation Group

John B. McKitterick VP and Staff Executive Environmental Analysis

Russell E. Whitmyer VP and Treasurer

Van W. Williams VP and General Manager Major Appliance Product Management Division Alton S. Cartwright President and Chief Executive Officer Canadian General Electric Company Limited (an affiliate of General Electric)

Walter G. Ward Chairman of the Board Canadian General Electric Company Limited Power Generation

Roy H. Beaton VP and General Manager Nuclear Energy Systems Division

Donald C. BerkeyVP and General Manager
Energy Systems and
Technology Division

Herman R. Hill VP and General Manager Turbine Operations

Arthur E. Peltosalo VP and General Manager Power Systems Sales and Service Operations

George J. Stathakis VP and General Manager Nuclear Energy Programs Division

William R. Tackaberry VP-Power Systems Field Sales

Charles C. Thomas
VP and General Manager
Installation and Service
Engineering Division

John A. Urquhart
VP and General Manager
Gas Turbine Division

Edward C. Clark
Deputy Division
General Manager
Industrial and Marine
Steam Turbine
Operations

Utah International Inc.

Edmund W. Littlefield Chairman of the Board and Chief Executive Officer

Walter A. Schlotterbeck Vice President, General Counsel and Secretary

Alva O. Way Vice President Finance

Robert B. Kurtz

VP and Group Executive Industrial & Power Delivery Group

Mark Morton VP and Group Executive

Aerospace Group

Gerhard Neumann

VP and Group Executive Aircraft Engine Group

Thomas A. Vanderslice

VP and Group Executive Special Systems & Products Group

John F. Welch, Jr.

VP and Group Executive Components & Materials Group

Alexander M. Wilson

President and Chief Operating Officer

Thomas K. Edenfield VP-Southeastern Regional Relations

Charles J. Meloun VP-Central Regional

Relations

James F. Young VP and Staff Executive Technical Resources

William B. Froque VP-Southwestern

Regional Relations Douglas S. Moore VP-Corporate Public

Marion S. Kellogg VP-Corporate Consulting Services

J. Russell Mudge VP-Corporate Operating Services

Harry M. Lawson VP-Western Regional

Relations

Phillips S. Peter

VP-Washington Corporate Office

Theodore P. LeVino VP and Staff Executive Executive Manpower

Donald D. Scarff VP-Atlantic Regional Relations

James T. Curry Financial VP and

Treasurer

W. Drew Leonard Vice President

Industrial & Power Delivery

James P. Curley VP and General Manager Contractor Equipment Division

Ralph B. Glotzbach VP and General Manager Apparatus Distribution Sales Division

Richard W. Kinnard VP and General Manager Switchgear and Distribution Transformer Division

Donald E. Perry

VP and General Manager Industrial Sales Division **Bruce O. Roberts**

VP and General Manager Large Transformer

Division

Robert J. Rodwell VP and General Manager Motors and Drives Division

Peter C. Van Dyck

VP and General Manager Apparatus Service Division

Aerospace

Relations

Daniel J. Fink

VP and General Manager Space Division

Charles W. George

VP and General Manager Aircraft Equipment Division

Otto Klima

VP and General Manager Re-entry & Environmental Systems Division

Thomas I. Paganelli

VP and General Manager Electronic Systems Division

Aircraft Engine

Robert H. Goldsmith

VP and General Manager Commercial Engine Projects Division

Raymond F. Letts

VP and General Manager Group Manufacturing Division

Fred O. MacFee, Jr.

VP-Group Strategic Planning Operation

Brian H. Rowe

VP and General Manager Group Product **Engineering Division**

Louis V. Tomasetti

General Manager Military Engine Projects Division

Edward Woll

VP and General Manager Group Advanced Engineering Division

James E. Worsham

VP and General Manager Airline Programs Division

Special Systems & Products

George J. Feeney

VP and General Manager Information Services Division

Christopher T. Kastner

VP and General Manager Communication Systems Division

Erwin M. Koeritz VP and General Manager Construction Materials Division

Kertis P. Kuhlman

VP and General Manager General Electric Supply Company Division

Carl J. Schlemmer

VP and General Manager Transportation Systems Division

Components & Materials

Charles R. Carson VP and General Manager

Chemical and Metallurgical Division

Donald E. Debacher VP and General Manager

Plastics Division

George B. Farnsworth

VP and General Manager Electronic Components Division

Fred H. Holt

VP and General Manager Appliance Components Division

Walter L. Robb

VP and General Manager Medical Systems Division

Utah International Inc.

Alf E. Brandin

Senior VP and Manager Land Development

J. Bertram Ladd

President, Ladd Petroleum Corporation (a subsidiary of Utah)

Charles K. McArthur Senior VP and Manager Mining Division

Keith G. Wallace Senior VP and Manager

Australasia Division

Ralph J. Long Senior VP and Manager

Australian Operations John S. Anderson

VP and Manager

Domestic Coal Operations

Boyd C. Paulson VP and Manager

Construction Services George W. Tarleton

VP and Manager Mineral Products Marketing

Robert O. Wheaton VP and Manager Exploration

Bruce T. Mitchell Secretary

J. Boyd Nielsen

1976 Financial comments

Measurement of business performance: An encouraging trend in recent years has been the increasing understanding that investors need to look at "rate of return on total capital invested" as well as "earnings per snare" in measuring business performance. A business must earn at least the going cost of capital on all the funds invested by both share owners and lenders.

GE's return on average total capital invested for the years 1976 and 1975, and the amounts of total capital invested at those year ends, are charted below at the left and right, respectively. Overall, the rate of return was 15.1% in 1976, up from 12.5% in 1975, and was the highest of the last ten years.

The largest portion of capital invested represents share owners' equity, largely accumulated by retaining a small portion of each dollar of revenue earned, as shown in the pie charts below. These funds are used primarily to replace or add facilities utilized to produce goods and services desired by our customers.

Total capital invested increased by \$677 million during the year to \$7.3 billion at the end of 1976. Debt remained at about the same evel as at the end of the previous year, as shown in the charts at the lower right, but represented 26.5% of total capital invested at December 31, 1976. This was down from 28.8% at the end of 1975 and was well below the 32.6% year-end peak in 1974.

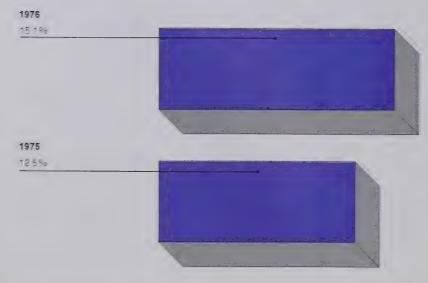
The Company's strong cash position was augmented even further in 1976 when cash and marketable securities increased by \$753 million to a year-end balance of \$1.6 billion. This increase was principally the result of continued emphasis on cash control at all levels of management. This strong financial position will enable the Company to take full advantage of future investment opportunities.

Accounting for inflation: The search for adequate ways of accounting for inflation, which has justly been called "the unseen tax collector," continued in 1976. The significance of this issue is clearly apparent when comparing the effective tax rate on real profits with either reported or statutory rates. According to Department of Commerce data, the impact in 1976 of "understated" depreciation expense and inventory costs due to inflation is estimated to result in an effective tax rate nearly 20 percentage points over the reported rate. While no adequate resolution has been found, various authorities throughout the world continue to focus on this important accounting and economic issue.

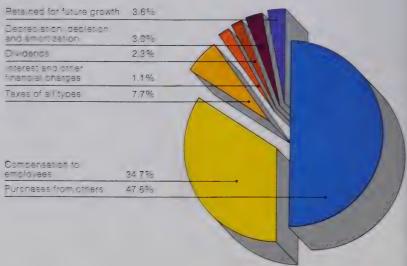
Related to the inflation accounting issue is the Securities and Exchange Commission's 1976 requirement that larger companies make estimates of "replacement costs" of inventories and property, plant and equipment, as well as the impact of these restated amounts on certain costs and expenses. Such estimates must be filed with the Commission in GE's form 10-K for 1976.

The impact of restating inventories to replacement cost is minimized for General Electric by the fact that approximately 81% of these assets are already accounted for by the LIFO method. The impact of restating property, plant and equipment to estimated replacement costs will represent an inflation-caused gap which generally will continue to accumulate as long as inflation persists. The SEC has noted that the information required must be estimated on the basis of numerous assumptions and untested techniques which may not have been fully developed. Recognizing the experimental character of its requirement, the Commission has cautioned against simplistic use of the data presented. The lack of definitive guidelines will almost certainly lead to the use of substantially different methodologies in determining the data to be reported and will undoubtedly frustrate meaningful comparisons among companies. In addition, a requirement which concentrates on only the cost side of the asset replacement equation risks unintentional confusion by ignoring related factors such as productivity gains often associated with new technologies and equipment. Using the SEC-sponsored approach, GE's depreciation expense for 1976 applicable to manufacturing property, plant and equipment would

Return on average total capital invested



Revenue uses 1976



have been approximately \$230 million greater than the amount reported on an original or historical cost basis. This amount, of course, does not represent a net reduction in before-tax income inasmuch as the significant productivity gains which would result from new equipment and related technologies have not been considered

Notwithstanding the conceptual and implemental difficulties with the SEC replacement cost concept as presently understood, it does represent an effort to focus on key problems facing businesses from nflation. Depreciation is normally intended only to allocate the original purchase cost over the useful life of the related asset and not to provide for its replacement during periods of inflation. However, so long as inflation persists, an inflation-caused gap accumulates between the time a depreciable asset is acquired and s replaced. Unless tax laws and regulations are changed to give much more recognition to this readily understood inflation phenomenon, the funds to fill the gap must come entirely from retained earnings or new capital.

The gap resulting from under-depreciation takes on a larger significance when viewed against the serious question of whether U.S. business will be able to fund the investments required to meet the nation's needs and aspirations. Unless the U.S. adopts changes in national policy with respect to capital formation. GE's economists foresee the nation's capital investment requirements outrunning the fund-raising ability of business. Foremost among the changes needed is a broader understanding of the long-term effect of inflaion and the early initiation of steps to help offset and reduce its damage to the productive growth of our country's businesses.

Accounting standards: The Financial Accounting Standards Board was established in 1973 to provide self-regulation by the private sector in matters of financial accounting and reporting. In recent months, both the Board itself and the concept of retaining the accounting standards-setting activity in the private sector have peen under attack, particularly by those who feel that the Government should directly take over standards-setting work.

Your management has from the beginning supported the Board. We believe that the advancement of financial accounting and

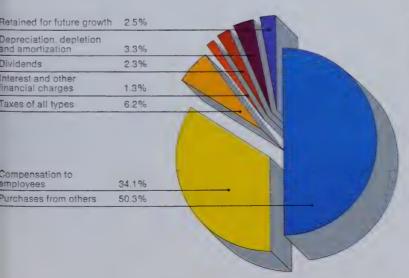
reporting can best be accomplished by continued strong support of the Board and its activities.

Financial responsibility: Your management affirms the belief long established in practice and in law that crimary responsibility for the integrity and objectivity of corporate financial statements and the adequacy of controls rests with management and the Board of Directors. To this end. GE maintains a strong system of internal controls and procedures, supported by a corporate staff of traveling auditors and supplemented by resident auditors located around the world. This system is time-tested. Innovative and responsive to change. Perhaps the most important safeguard for share owners is the fact that the Company has long ploneered in the selection, training and development of professional financial managers to implement and oversee the proper application of its internal controls and the reporting of management's stewardship in conformity with generally accepted accounting principles. The very highest standards of performance and integrity are hallmarks of the Company's financial management.

This system of internal control is appraised by the independent public accountants. Their role is to provide an objective. Independent review as to management's discharge of its responsibilities insofar as they relate to the fairness of recorted operating results and financial condition. The independent public appountants follow generally accepted auditing standards. They obtain and maintain an understanding of GE's accounting and financial controls and conduct such tests and related procedures as they deem necessary in the circumstances to arrive at an opinion on the fairness of GE's financial statements.

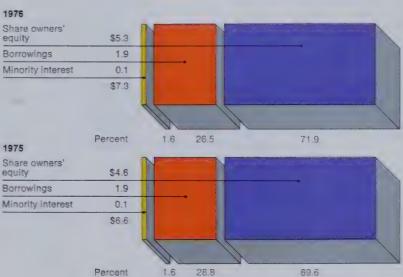
The Audit Committee of the Board of Directors is composed solely of outside directors. The principal function of the Audit Committee is to meet with the independent public accountants, management and internal auditors, periodically, to revew the work of each and to ensure that each is properly discharging its responsibilities. The independent public accountants have free access to this Committee, without management present, to discuss the results of their audit work and their opinions on the adequacy of internal financial controls and the quality of financial reporting.

Revenue uses 1975



Total capital invested

(Dollar amounts in billions)



Statement of Earnings

General Electric Company and consolidated affiliates

Data for both years reflect pooling of interests with Utah International Inc.

(note 1)

For the years ended December 31 (In millions)	1976	1975	Additiona information
Sales of products and services to customers		\$14,105.1	(note 2)
Operating costs			(note 3)
Employee compensation, including benefits	5,849.9	5,136.8	(note 4)
Materials, supplies, services and other costs	7,726.0	7,038.9	
Depreciation, depletion and amortization	486.2	470.5	
Taxes, except those on income	258.8	162.1	
Decrease (increase) in inventories during the year	(151.5)	110.2	
	14,169.4	12,918.5	
Operating margin	1,527.9	1,186.6	
Other income	274.3	174.2	(note 5)
Interest and other financial charges	(174.7)	(186.8)	(note 6)
Earnings before income taxes and minority interest	1,627.5	1,174.0	
Provision for income taxes	(668.6)	(459.8)	(note 7)
Minority interest in earnings of consolidated affiliates	(28.3)	(25.7)	
Net earnings applicable to common stock	\$ 930.6	\$ 688.5	
Earnings per common share (in dollars)	\$4.12	\$3.07	(note 8)
Dividends declared per General Electric common share			
(in dollars)		\$1.60	
Operating margin as a percentage of sales		8.4%	
Net earnings as a percentage of sales	5.9%	4.9%	

The Summary of Significant Accounting Policies on page 36 and the Notes to Financial Statements on pages 37-43 are an integral part of this Statement.

Statement of Financial Position

General Electric Company and consolidated affiliates

Data for both years reflect pooling of interests with Utah International Inc.

(note 1)

Bata for Both years reflect pooling of interests with Stair lifternational			(11016-1)
At December 31 (In millions)	1976	1975	Additiona information
Assets			
Cash	\$ 1,059.0	\$ 760.0	(note 9)
Marketable securities	554.3	100.3	(note 9)
Current receivables	2,717.3	2 ,687.2	(note 10)
Inventories	2,354.4	2,202.9	(note 11)
Current assets	6,685.0	5,750.4	
nvestments	1,286.3	1,156.6	(note 12)
Property, plant and equipment	3,356.4	3,180.9	(note 13)
Other assets	722.0	653.4	(note 14)
Total assets	\$12,049.7	\$10,741.3	
Liabilities and equity			
Short-term borrowings		\$ 667.2	(note 15)
Accounts payable	879.7	776.7	
Progress collections and price adjustments accrued	1,169.7	1,070.4	
Dividends payable	101.7	73.5	
Taxes accrued	554.9	423.7	
Other costs and expenses accrued	1,287.8	1,151.5	(note 16)
Current liabilities	4,604.9	4,163.0	
Long-term borrowings	1,322.3	1,239.5	(note 17)
Other liabilities	750.6	617.2	
Total liabilities	6,677.8	6,019.7	
Minority interest in equity of consolidated affiliates	119.0	104.6	
Preferred stock (\$1 par value; 2,000,000 shares authorized; none issued)			
Common stock (\$2.50 par value; 251,500,000 shares authorized; 230,368,572 shares issued 1976; 228,724,807 shares			
issued 1975)	575.9	571.8	
Amounts received for stock in excess of par value	618.3	534.8	
Retained earnings	4,251.2	3,681.4	
	5,445.4	4,788.0	
Deduct common stock held in treasury	(192.5)	(171.0)	
Total share owners' equity	5,252.9	4,617.0	(notes 18 and 19)
Total liabilities and equity	\$12,049.7	\$10,741.3	
Commitments and contingent liabilities			(note 20)

The Summary of Significant Accounting Policies on page 36 and the Notes to Financial Statements on pages 37-43 are an integral part of this Statement.

Statement of Changes in Financial Position

General Electric Company and consolidated affiliates

Data for both years reflect pooling of interests with Utah International Inc. (note 1)

For the years ended December 31 (In millions)	1976	1975
Source of funds		
From operations		
Net earnings	\$ 930.6	\$ 68 8.5
Less earnings retained by nonconsolidated finance affiliates	(10.9)	(10.4
Depreciation, depletion and amortization	486.2	470.5
Income tax timing differences	• •	(1.9
Minority interest in earnings of consolidated affiliates	28.3	25.7
	1,411.7	1,172.4
Increases in long-term borrowings		50.5
Newly issued common stock		75.4
Decrease in inventories		110.2
Increase in current payables other than short-term borrowings		119.3
Other — net	141.7	128.9
Total source of funds	2,295.5	1,656.7
Application of funds		
Additions to property, plant and equipment		588.2
Dividends declared on General Electric common stock		293.1
Dividends declared on Utah International common stock*		33.1
Investments		13.4
Reduction in long-term borrowings		214.0
Increase in current receivables		49.2
Increase in inventories	151.5	
Total application of funds		1,191.0
Net increase in cash, marketable securities, and short-term borrowings	\$ 809.1	\$ 465.7
Analysis of net increase in cash, marketable securities, and short-term borrowi	ngs	
Increase in cash and marketable securities	\$ 753.0	\$ 477.0
Decrease (increase) in short-term borrowings	56.1	(11.3
	\$ 809.1	\$ 465.7
		

^{*}Reflects transactions prior to merger date.

The Summary of Significant Accounting Policies on page 36 and the Notes to Financial Statements on pages 37-43 are an integral part of this Statement.

Statement of Changes in Share Owners' Equity

General Electric Company and consolidated affiliates

Data for both years reflect pooling of interests with Utah International Inc. (note 1)

For the years ended December 31 (Dollar amounts in millions)	1976	1975	1976	1975
Common stock issued			(Thousands of shares)	
Balance January 1, as previously reported	\$ 469.3	\$ 465.2	187,720	186,067
Shares issued to effect merger with Utah International	102.5	102.5	41,002	41,005*
	571.8	567.7	228,722	227,072
New shares issued:				
Stock options and appreciation rights	0.3	0.1	137	35
Employee savings plans	3.8	4.0	1,510	1,618
Balance December 31	575.9	571.8	230,369	228,725
Amounts received for stock in excess of par value				
Balance January 1, as previously reported	482.7	414.5		
Effect of merger with Utah International	52.0	52.1*		
	534.7	466.6		
Excess over par value of amounts received for newly issued shares.	83.3	71.3		
Gain on disposition of treasury stock	0.3	0.5		
Conversion of Canadian General Electric preferred stock		(3.6)		
Balance December 31	618.3	534.8		
Retained earnings				
Balance January 1, as previously reported	3,288.2	3,000.5		
Retained earnings of Utah International	393.2	318.6		
	3,681.4	3,319.1		
Net earnings	930.6	688.5		
Dividends declared on General Electric common stock	(332.5)	(293.1)		
Dividends declared on Utah International common stock*	(28.3)	(33.1)		
Balance December 31	4,251.2	3,681.4		
Common stock held in treasury				
Balance January 1	(171.0)	(175.9)	(3,362)	(3,416)
Purchases	(27.1)	(12.8)	(508)	(276)
Dispositions:				
Employee savings plans		0.1	_	1
Incentive compensation plans	5.5	8.5	121	158
Conversion of Overseas Capital Corporation 1985 bonds	0.1	9.1	1	171
Balance December 31	(192.5)	(171.0)	(3,748)	(3,362)
Total share owners' equity December 31	\$5,252.9	\$4,617.0	226,621	225,363

^{*}Reflects transactions prior to merger date.

The Summary of Significant Accounting Policies on page 36 and the Notes to Financial Statements on pages 37-43 are an integral part of this Statement.

Summary of Significant Accounting Policies

The most significant of the accounting policies followed by General Electric are described below to help users of these Financial Statements understand and evaluate them.

Basis of consolidation

The Financial Statements consolidate the accounts of the parent General Electric Company and those of all majority-owned and controlled companies ("affiliated companies"), except finance companies whose operations are not similar to those of the consolidated group. All significant items relating to transactions among the parent and affiliated companies are eliminated from the consolidated statements. The statements are restated to reflect the merger with Utah International Inc. as a pooling of interests (see note 1).

The nonconsolidated finance companies are included in the Statement of Financial Position under Investments and are valued at equity plus advances. In addition, companies in which GE and/or its consolidated affiliates own 20% to 50% of the voting stock ("associated companies") are included under Investments, valued at the appropriate share of equity plus advances. After-tax earnings of nonconsolidated finance companies and associated companies are included in the Statement of Earnings under Other income.

A nonconsolidated uranium mining company (see note 12) is also included under investments and is valued at cost.

Sales

The Company and its consolidated affiliates record a transaction as a sale only when title to products passes to the customer or when services are performed in accordance with contract terms.

Vacation expense

Most employees earn credits during the current year for vacations to be taken in the following year. The expense for this liability is accrued during the year vacations are earned rather than in the year vacations are taken.

Pensions

Investments of the General Electric Pension Trust, which funds the obligations of the General Electric Pension Plan, are carried at amortized cost plus programmed appreciation in the common stock portfolio. Recognition of programmed appreciation is carried out on a systematic basis which does not give undue weight to short-term market fluctuations. This recognition of programmed appreciation is limited by a maximum ratio, calculated on a moving basis, of book to market values over a multiyear period.

The funding program for the Pension Trust uses 6% as the estimated rate of future income. This rate includes systematic recognition of appreciation in the common stock portfolio.

Unfunded liabilities of the Trust are being amortized over a 20-year period.

Costs of a separate, supplementary pension plan, primarily

affecting long-service professional and managerial employees, are not funded. Current service costs and amortization of past service costs over a period of 20 years are being charged to Company operating costs currently.

Investment tax credit

The investment tax credit is recorded by the "deferral method." Under this method the credit is amortized as a reduction of the provision for taxes over the lives of the facilities to which the credit applies, rather than being "flowed through" to income in the year the asset is acquired.

Inventories

Substantially all manufacturing inventories located in the United States are valued on a last-in first-out, or "LIFO" basis. Manufacturing inventories outside the U.S. are generally valued on a first-in first-out, or "FIFO" basis. Valuations are based on the cost of material, direct labor and manufacturing overhead, and do not exceed net realizable values. Certain indirect manufacturing expenses are charged directly to operating costs during the period incurred rather than being inventoried.

Mining inventories, which include principally mined ore and coal, metal concentrates, and mining supplies, are stated at the lower of average cost or market. The cost of mining inventories includes both direct and indirect costs consisting of labor, purchased supplies and services, and depreciation, depletion and amortization of property, plant and equipment.

Property, plant and equipment

Manufacturing plant and equipment includes the original cost of land, buildings and equipment less depreciation, which is the estimated cost consumed by wear and obsolescence. An accelerated depreciation method, based principally on a sum-of-the-years digits formula, is used to record depreciation of the original cost of manufacturing plant and equipment purchased and installed in the United States subsequent to 1960. Acquisitions prior to 1961, and most manufacturing plant and equipment located outside the United States, are depreciated on a straight-line basis. If manufacturing plant and equipment is subject to abnormal economic conditions or obsolescence, additional depreciation is provided. Expenditures for maintenance and repairs of manufacturing plant and equipment are charged to operations as incurred.

The cost of mining properties includes expenditures which substantially increase the useful lives of existing assets. The cost of mining properties is depreciated, depleted or amortized over the useful lives of the related assets by use of unit-of-production, straight-line or declining-balance methods. Maintenance and repairs on major mining equipment and facilities are provided for principally over useful lives of the assets. Minor maintenance and repairs and minor replacements of mining equipment and facilities are charged to operating costs as incurred. Maintenance and repairs associated with development of new mining projects are capitalized.

Mining exploration costs are expensed until it is determined that the development of a mineral deposit is likely to be economically feasible. After this determination is made, all costs related to further development, including financing costs of identifiable new borrowings associated with the development of new mining projects, are capitalized and amortized over the lesser of 10 years or the productive life of the property.

Oil and gas properties are accounted for by use of the full cost method.

Notes to Financial Statements

1. Pooling of Interests

A merger with Utah International Inc. ("Utah" or "Utah International") was effected as of December 20, 1976, whereby Utah became a wholly-owned affiliate of General Electric through the exchange of 41,002,034 shares of General Electric \$2.50 par value common stock for all of the outstanding shares of Utah. The principal business of Utah is the extraction and sale of natural resources. The merger was accounted for as a pooling of interests, and accordingly the accompanying financial statements include the accounts of Utah from January 1, 1975.

The sales of products and services to customers and the net earnings applicable to common stock of General Electric and Utah for the years ended December 31, 1976 and December 31, 1975 are shown below.

(In millions)	1976	1975
Sales of products and services to customers:		
General Electric	\$14,696.7	\$13,399.1
Utah International	1,000.6	706.0
	<u>\$15,697.3</u>	\$14,105.1
Net earnings applicable to common stock:		
General Electric	\$ 749.3	\$ 580.8
Utah International	181.3	107.7
	\$ 930.6	\$ 688.5

Prior to the merger, the fiscal year of Utah ended on October 31. Utah's financial results have been conformed to the calendar-year period used by General Electric.

2. Sales

Approximately one-seventh of sales in 1976 and 1975 were to agencies of the U.S. government, which is the Company's largest single customer.

3. Operating costs

Operating costs as classified for reporting to the Securities and Exchange Commission are shown below.

(In millions)	1976	1975
Cost of goods sold Selling, general and administrative	\$11,481.2	\$10,624.2
expenses	2,688.2	2,294.3
	\$14,169.4	\$12,918.5
Supplemental details are as follow:		
(In millions)	1976	1975
Company-funded research and		
development	\$411.5	\$357.1
Maintenance and repairs	535.3	421.4
Social security taxes	302.2	268.4
Advertising	175.5	143.8
Rent	134.6	119.7
Mineral royalties and export duties	125.9	51.2

4. Employee benefits

General Electric and its affiliates have a number of pension plans, the total Company cost of which was \$240.1 million in 1976 and \$193.1 million in 1975. The most significant of these plans is the General Electric Pension Plan, in which substantially all employees in the U.S. are participating. Obligations of the Pension Plan are funded through the GE Pension Trust.

The limit described under Pensions on page 36 for recognizing programmed appreciation in the common stock portfolio was not reached at year-end 1976 or 1975.

Earnings of the Trust, including the programmed recognition of appreciation, as a percentage of book value of the portfolio were 6.4% for 1976 and 6.6% for 1975.

Unfunded liabilities of the Trust were estimated to be \$707 million at December 31, 1976, compared with \$581 million at the end of 1975, the increase resulting primarily from amendments to the Plan which became effective July 1, 1976. Unfunded vested liabilities included in these amounts were \$568 million and \$447 million at December 31, 1976 and 1975, respectively. Estimated market value of Trust assets at the end of 1976 was \$3,636 million and \$2,993 million at the end of

Financial statements of the Pension Trust are on page 38. Costs of a separate supplementary pension plan, primarily affecting long-service professional and managerial employees, were \$9.5 million in 1976 and \$4.3 million in 1975. Unamortized liabilities for this supplementary plan were \$74 million and \$31 million at December 31, 1976 and 1975, respectively. The increase in costs and unamortized liabilities resulted principally from amendments to the plan effective January 1, 1976.

Utah has separate pension plans which are substantially fully funded and the costs of which are included in the total Company costs reported above.

Incentive compensation plans apply to over 3,000 key employees. Amounts included in costs and expenses for incentive compensation, including Utah's Bonus Program, were \$40.1 million in 1976 and \$35.2 million in 1975.

(In millions)	1976	1975
Operating statement		
Total assets at January 1	\$3,047.5	\$2,762.0
Company contributions	204.5	170.2
Employee contributions	59.4	47.2
Dividends interest and sunday income	<u>263.9</u> 144.9	<u>217.4</u> 128.0
Dividends, interest and sundry income Common stock appreciation:	144.9	120.0
Realized	11.7	16.7
Accrued	76.6	70.7
Total programmed	88.3	87.4
Pensions paid	(158.5)	(147.3)
Total assets at December 31	<u>\$3,386.1</u>	\$3,047.5
Financial position — December 31		
U.S. government obligations and		
guarantees	\$ 103.6	\$ 97.2
Corporate bonds, notes and mineral interests	318.0	335.5
Real estate and mortgages	672.3	589.2
Common stocks and convertibles	2,177.4	1,831.1
	3,271.3	2,853.0
Cash and short-term investments	57.4	123.1
Other assets — net	57.4	71.4
Total assets	<u>\$3,386.1</u>	\$3,047.5
Funded liabilities:		
Liability to pensioners	\$1,265.9	\$1,153.8
Liability for pensions to participants not yet retired	2,120.2	1,893.7
Total funded liabilities	\$3,386.1	\$3,047.5

5. Other income

(In millions)	1976	1975
Net earnings of the Credit Corporation	\$ 59.0	\$ 52.2
Income from:		
Marketable securities and bank deposits	60.3	28.7
Customer financing	44.6	40.9
Royalty and technical agreements	34.7	43.6
Associated companies	(2.3)	(34.3)
Other investments:		
Interest	20.4	22.0
Dividends	7.7	8.0
Other sundry income	49.9	13.1
	\$274.3	\$174.2

Income from associated companies for 1976 includes a \$6.2 million gain as Utah's share of a partial recovery to date for the expropriation by the government of Peru of assets owned by a company in which Utah has a 46% interest. The 1975 amount includes a \$28.9 million loss recorded as a result of the expropriation.

Other sundry income for 1976 includes a gain of \$20.7 million realized on the sale of equity and convertible investments in AEG-Telefunken (Germany).

6. Interest and other financial charges

Amounts applicable to principal items of long-term borrowings were \$94.5 million in 1976 and \$101.6 million in 1975.

7. Provision for income taxes

(In millions)	1976	1975
U.S. federal income taxes:		
Estimated amount payable	\$407.2	\$229.3
Effect of timing differences	(21.7)	15.4
Investment credit deferred — net	<u>13.4</u> 398.9	13.6 258.3
Foreign income taxes:		
Estimated amount payable Effect of timing differences	253.5 (0.8) 252.7	208.4 (17.3)
Other (principally state and local		
income taxes)	17.0 \$668.6	10.4 \$459.8

Effect of timing differences on U.S. federal income taxes

(In millions) Increase (decrease) in provision for incom	ne taxes 1976	1975
Undistributed earnings of affiliates and associated companies Tax over book depreciation Margin on installment sales Provision for warranties Other — net	\$ 4.3 7.8 2.1 (21.6) (14.3) \$ (21.7)	\$11.2 12.7 28.3 (21.6) (15.2) \$15.4

The cumulative net effect of timing differences has resulted in a deferred-tax asset which is shown under Other assets.

Reconciliation of statutory and effective income tax rates

	1976	1975
U.S. federal statutory rate	48.0%	48.0%
Reduction in taxes resulting from:		
Consolidated affiliate earnings (including DISC) subject to aggregate effective tax rates generally less than 48%	(3.9)	(5.7)
Inclusion of earnings of the Credit Corporation in before-tax income	, , ,	(2.1)
on an "after-tax" basis	(1.7)	(2.1)
Investment credit	(1.2)	(1.3)
Income taxed at capital gains rate	(0.9)	(0.4)
Other — net	0.8	0.7
Effective tax rate	41.1%	39.2%

Provision has been made for federal income taxes to be paid on that portion of the undistributed earnings of affiliates and associated companies expected to be remitted to the parent company. Undistributed earnings intended to be reinvested indefinitely in affiliates and associated companies totaled \$579 million at the end of 1976 and \$512 million at the end of 1975.

All U.S. federal income tax returns have been settled through 1971 except for the year 1970.

Investment credit amounted to \$31.4 million in 1976, compared with \$28.7 million in the prior year. In 1976, \$18.0 million was added to net earnings, compared with \$15.1 million in 1975. At the end of 1976, the amount still deferred and to be included in net earnings in future years was \$112.2 million.

8. Earnings per common share

Earnings per share are based on General Electric average shares outstanding plus outstanding average shares previously reported by Utah multiplied by 1.3. Any dilution which would result from the potential exercise or conversion of such items as stock options or convertible debt outstanding is insignificant (less than 1% in 1976 and 1975).

9. Cash and marketable securities

Time deposits and certificates of deposit aggregated \$875.2 million at December 31, 1976 and \$595.4 million at December 31, 1975. Deposits restricted as to usage and withdrawal or used as partial compensation for short-term borrowing arrangements were not material.

Marketable securities (none of which are equity securities) are carried at the lower of amortized cost or market value. Carrying value was substantially the same as market value at year-end 1976 and 1975.

10. Current receivables

(In millions)	December 31	1976	1975
Customers' ac	counts and notes	\$2,330.1	\$2,312.2
Associated co	mpanies	87.5	100.9
Nonconsolida	ted affiliates	2.1	1.1
Other		353.4	326.8
		2,773.1	2,741.0
Less allowand	e for losses	(55.8)	(53.8)
		\$2,717.3	\$2,687.2

11. Inventories

(In millions)	December 31	1976	1975
Raw materials Finished good Unbilled shipn		\$1,529.6 700.7 124.1 \$2,354.4	\$1,470.1 607.1 125.7 \$2,202.9

About 81% of total inventories were in the United States at vear-end 1976 and 1975.

If the FIFO method of inventory accounting had been used by the Company, manufacturing inventories would have been \$1,160.8 million higher than reported at December 31, 1976 (\$963.7 million higher than reported at December 31, 1975).

12. Investments

(In millions)	December 31	1976	1975
Nonconsolidated	d finance affiliates	\$ 552.9	\$ 508.6
Nonconsolidated	d uranium mining affiliate	86.7	
	nvestments (at cost): nd government-		
guaranteed	securities	248.0	268.0
Other		72.4	79.1
		320.4	347.1
Marketable equit Honeywell Inc	ty securities: . and Honeywell		
Infórmation	Systems Inc.	77.1	100.3
Other		39.9	72.1
		117.0	172.4
Associated comp	panies	223.9	143.6
Less allowance f	or losses	(14.6)	(15.1)
		\$1,286.3	\$1,156.6

Condensed consolidated financial statements for the General Electric Credit Corporation, the principal nonconsolidated finance affiliate, are shown below.

General Electric Credit Corporation Financial position

(In millions) December	31	1976	1975
Cash and marketable secur		\$ 233.9	\$ 185.3
Receivables	11103	5,311.0	5,017.0
Deferred income		(496.9)	(522.1)
Allowance for losses		(142.9)	(126.1)
Net receivables		4,671.2	4,368.8
Other assets		151.5	120.0
Total assets		\$5,056.6	\$4,674.1
Notes payable:			
Due within one year		\$2,164.1	\$2,131.3
Long-term — senior		1,186.9	1,074.1
subordinat	ed	276.6	249.5
Other liabilities		312.3	290.6
Total liabilities		3,939.9	3,745.5
Deferred credits		569.6	428.0
Capital stock		344.2	309.2
Additional paid-in capital		11.5	11.5
Retained earnings		191.4	179.9
Equity		547.1	500.6
Total liabilities, deferred cre	dits and	ME 050 0	04.074.1
equity		\$5,056.6	\$4,674.1

Current and retained earnings

(In millions) F	or the year	1976	1975
Earned income		\$ 613.3	\$ 585.1
Expenses:			
Interest and disc	ount	220.0	223.6
Operating and a	dministrative	222.2	184.6
Provision for los	ses — receivables	72.0	85.9
	— other assets	15.3	10.7
Provision for inc	ome taxes	24.8	28.1
		554.3	532.9
Net earnings		59.0	52.2
Less dividends		(47.5)	(41.7)
Retained earnings	at January 1	179.9	169.4
Retained earnings	at December 31	\$ 191.4	\$ 179.9

Copies of General Electric Credit Corporation's 1976 Annual Report may be obtained by writing to General Electric Credit Corporation, P.O. Box 8300, Stamford, Conn. 06904.

Advances to nonconsolidated finance affiliates aggregated \$0.7 million at the end of 1976 and 1975.

Investment in the nonconsolidated uranium mining affiliate consists of investment in a wholly-owned affiliate (established in the course of obtaining a U.S. Department of Justice Business Advisory Clearance Procedure Letter in connection with the Utah merger) to which all uranium business of Utah has been transferred. All common stock of this affiliate has been placed in a voting trust controlled by independent voting trustees. Prior to the year 2000, General Electric and its affiliates may not withdraw the common stock from the voting trust except for sale to unaffiliated third parties. Directors and officers of the affiliate may not be directors, officers, or employees of General Electric, Utah or of any of their affiliates. Uranium may not be sold by this affiliate, in any state or form, to, or at the direction of, General Electric or its affiliates.

All outstanding shares of preferred stock of the uranium affiliate are retained by Utah as an affiliate of General Electric. Payment of cumulative quarterly dividends out of legally available funds on this preferred stock is mandatory commencing in May 1977 in amounts equal to 85% of the affiliate's net after-tax income for the previous quarter (without taking account of any deduction for exploration expense as defined). Utah, as holder of the preferred stock, must make loans with up to 10-year maturities when requested by the affiliate, provided that the aggregate amount of such loans does not at any time exceed preferred dividend payments for the immediately preceding two calendar years.

The estimated realizable value of miscellaneous investments at December 31, 1976 was \$310 million (\$335 million at December 31, 1975).

Marketable equity securities are valued at the lower of cost or market. Aggregate market value of marketable equity securities was \$209 million and \$224 million at year-end 1976 and 1975, respectively.

At December 31, 1976, gross unrealized gains on marketable equity securities were \$92 million. In April 1976, the Company sold all of its investment in equity securities of AEG-Telefunken for a realized gain of \$18.6 million (see note 5).

Market value calculations for equity securities include the Company's investment in Honeywell Information Systems Inc. (HIS) as being equivalent to 1,400,000 shares of Honeywell Inc. common stock at December 31, 1976 (2,200,000 shares at December 31, 1975). Cost of the investment in Honeywell Inc. and HIS is the appraised fair value recorded on October 1, 1970, when the General Electric information systems equipment business was transferred to HIS. The recorded value is substantially less than tax cost.

General Electric held an 181/2 % ownership in HIS at December 31, 1975. In 1976, in accordance with an Agreement between General Electric and Honeywell, General Electric exercised certain partial option rights and received 800,000 Honeywell shares in return for reducing its interest in HIS to an 11.7% ownership. The Agreement further provides that GE can require Honeywell to purchase its interest in HIS at any

time during 1977 for 1,000,000 shares of Honeywell stock, and at any time during 1978 for 1,400,000 shares of Honeywell stock. In addition, during 1977 Honeywell may at any time require GE to sell all of its HIS interest to Honeywell for 1,400,000 shares of Honeywell stock, or may make one or more partial exercises of this right in return for shares of Honeywell stock proportionate to the portion of GE's interest in HIS then being acquired. During 1978, Honeywell has the right to purchase GE's HIS interest at any time but only in its entirety, for 1,400,000 shares of Honeywell stock.

At December 31, 1976, GE held 584,000 shares of Honeywell common stock, compared with 380,800 shares at December 31, 1975. GE sold 596,800 shares of Honeywell common stock in 1976 and 1,056,916 shares in 1975. Using average cost, realized gains entering into the determination of net income were nominal in both 1976 and 1975.

General Electric is committed to the U.S. Department of Justice to dispose of its year-end 1976 holding of Honeywell common stock and all other shares of Honeywell common stock GE receives for its interest in HIS by December 31, 1980

A voting trust has been established in which General Electric must deposit all shares of Honeywell common stock received as part of these transactions.

13. Property, plant and equipment

(In millions)	1976	1975
Major classes at December 31:		
Manufacturing plant and equipment		
Land and improvements	\$ 111.7	\$ 111.8
Buildings, structures and related	1 770 F	1 000 4
equipment	1,770.5	1,686.4
Machinery and equipment	3,930.1	3,659.6
Leasehold costs and manufacturing plant under construction	180.3	198.4
Mineral property, plant and	.00.0	, , , , ,
equipment	962.2	845.2
	\$6,954.8	\$6,501.4
Cost at January 1	\$6,501.4	\$6,161.7
Additions	740.4	588.2
Dispositions	(287.0)	(248.5)
Cost at December 31	\$6,954.8	\$6,501.4
Accumulated depreciation, depletion an	nd amortizati	on
Balance at January 1	\$3,320.5	\$3,011.5
Current year provision	486.2	470.5
Dispositions	(202.1)	(159.6)
Other changes	(6.2)	(1.9)
Balance at December 31	\$3,598.4	\$3,320.5
Property, plant and equipment less		
depreciation, depletion and amortization at December 31	\$3,356.4	\$3,180.9

14. Other assets

(In millions) December 31	1976	1975
Long-term receivables	\$322.0	\$326.7
Customer financing	89.5	87.7
Real estate development projects	71.0	/ 7.7
Deferred charges	60.6	66.8
Deferred income taxes	59.4	44.8
Recoverable engineering costs on		
government contracts	55.4	57.0
Licenses and other intangibles — net	29.5	28.7
Other	34.6	34.0
	\$722.0	\$653.4

The principal reason for the increase in Real estate development projects was the inclusion in 1976 consolidated financial statements of certain projects in which General Electric Real Estate Credit Corporation increased its equity position.

Licenses and other intangibles acquired after October 1970 are being amortized over appropriate periods of time.

15. Short-term borrowings

The average balance of short-term borrowings, excluding the current portion of long-term borrowings, was \$573.3 million during 1976 (calculated by averaging all month-end balances for the year) compared with an average balance of \$577.6 million in 1975. The maximum balance included in these calculations was \$606.0 million and \$644.0 million at the end of July 1976 and February 1975, respectively. The average effective interest rate for the year 1976 was 11.6% and for 1975 was 11.3%. These average rates represent total shortterm interest expense divided by the average balance outstanding. A summary of short-term borrowings and the applicable interest rates is shown below.

Short-term borrowings

(In millions) Decem	ber 31	1976		1975
	Amount	Average rate at Dec. 31	Amount	Average rate at Dec. 31
Parent notes with Trust Departments Consolidated affiliates:	\$310.9	4.73%	\$274.7	5.92%
Banks	201.2	22.82	213.8	15.69
Commercial paper Other, including current	6.3	9.50		_
portion of long-term borrowings	92.7 \$611.1		178.7 \$667.2	

Parent borrowings are from U.S. sources. Borrowings of consolidated affiliated companies are from both U.S. and foreign sources. Current portion of long-term borrowings for 1975 includes General Electric 31/2 % debentures (\$84.3 million) retired in May 1976.

Although the total unused credit available to the Company

through banks and commercial credit markets is not readily quantifiable, informal credit lines in excess of \$1 billion had been extended by approximately 130 U.S. banks at year-end

16. Other costs and expenses accrued

The balance at the end of 1976 included compensation and benefit costs accrued of \$453.9 million and interest expense accrued of \$30.5 million. At the end of 1975, compensation and benefit costs accrued were \$424.0 million and interest expense accrued was \$31.0 million.

17. Long-term borrowings

(In millions)			Due	Sinking fund/ pre-payment
Outstanding December 31	1976	1975	Date	period period
General Electric Compar 61/4 % Debentures 53/4 % Notes 5.30% Debentures 71/2 % Debentures 81/2 % Debentures	\$ 125.0 87.5 123.3 179.2 300.0	\$ 125.0 93.7 133.3 185.3 300.0	1979 1991 1992 1996 2004	None 1972-90 1973-91 1977-95 1985-03
Utah International Inc: 7½ % Guaranteed Notes Notes with banks 7.2% Note 8% Guaranteed Sinkin Fund Debentures 7.6% Notes Other	20.0 115.1 27.1 19 19.6 43.0 9.5	20.0 108.9 — 20.0 46.0 6.4	1979 1985 1986 1987 1988	None 1977-85 1981-86 1977-87 1974-88
General Electric Oversea Capital Corporation: 4¼ % Bonds 4¼ % Debentures 5½ % Sterling/Dollar Guaranteed Loan Stock Other	31.9 50.0 6.1 49.1	31.9 50.0 7.3 45.7	1985 1987 1993	1976-84 None None
All other	135.9 \$1,322.3	66.0 \$1,239.5		

The amounts shown above are after deduction of the face value of securities held in the treasury as shown below.

Face value of long-term borrowings in treasury

(In millions)	December 31	1976 .	1975
General Elect	ric Company:		
5.30% Deb	entures	\$36.7	\$36.7
71/2 % Debe	entures	20.8	14.7
General Elect	ric Overseas Capital		
Corporation	ո:		
41/4 % Bond	ab	4.9	6.9

During 1976, General Electric 5.30% Debentures having a face value of \$10.0 million (\$10.0 million in 1975) and a reacquired cost of \$8.2 million (\$8.4 million in 1975) were retired in accordance with sinking fund provisions, and General Electric 53/4% Notes having a value of \$6.2 million (\$6.3 million in 1975) were retired in accordance with prepayment provisions.

Utah International Inc. notes with banks are payable in varying installments to 1985 and were subject to average interest rates at year-end 1976 and 1975 of 6.7% and 7.7%, respectively. The 7.2% Note is payable to an associated

Borrowings of General Electric Overseas Capital Corporation are unconditionally guaranteed by General Electric as to payment of principal, premium if any, and interest. This Corporation primarily assists in financing capital requirements of foreign companies in which General Electric has an equity interest, as well as financing certain customer purchases. The Corporation's 41/4 % Guaranteed Bonds due in 1985 were convertible through November 1975 into General Electric common stock at \$65.50 a share. Bonds having a face value of \$11.2 million were converted in 1975. Borrowings also include 41/4 % Guaranteed Debentures due in 1987, which are convertible until June 15, 1987 into General Electric common stock at \$80.75 a share; and 5½ % Sterling/Dollar Guaranteed Loan Stock due in 1993 in the amount of £3.6 million (\$6.1 million), convertible from October 1976 into General Electric common stock at \$73.50 a share. During 1976, General Electric Overseas Capital Corporation 41/4 % Guaranteed Bonds having a face value of \$2.0 million and a reacquired cost of \$1.4 million were retired in accordance with sinking fund provisions.

All other long-term borrowings were largely by foreign and real estate development affiliates with various interest rates and maturities.

Long-term borrowing maturities during the next five years, including the portion classified as current, are \$66.0 million in 1977, \$90.1 million in 1978, \$212.5 million in 1979, \$64.0 million in 1980 and \$45.8 million in 1981. These amounts are after deducting reacquired debentures held in the treasury for sinking fund requirements.

18. Share owners' equity

Common stock held in treasury at December 31, 1976 included 1,443,110 shares for the deferred compensation provisions of incentive compensation plans (1,386,845 shares at December 31, 1975). These shares are carried at market value at the time of allotment, which amounted to \$70.0 million and \$66.2 million at December 31, 1976 and 1975, respectively. The liability is recorded under Other liabilities. Other common stock in treasury, which is carried at cost, aggregated 2,304,794 and 1,974,887 shares at December 31, 1976 and 1975, respectively. These shares are held for future corporate requirements, including distributions under employee savings plans, incentive compensation awards and possible conversion of General Electric Overseas Capital Corporation convertible indebtedness. The maximum number of shares required for conversions was 737,725 at December 31, 1976 and 1975.

Corporate requirements of shares for benefit plans and conversions may be met either from unissued shares or from shares in treasury.

Retained earnings at year-end 1976 included approximately \$204.3 million representing the excess of earnings of nonconsolidated affiliates over dividends received since their formation. In addition, retained earnings have been increased by \$47.3 million, which represents the change in equity in associated companies since acquisition. At the end of 1975. these amounts were \$192.2 million and \$52.1 million. respectively.

19. The stock option and stock appreciation rights plan

The plan approved by the share owners in 1973, and previous plans under which options remain outstanding, provide continuing incentives for more than 500 employees. Option price under these plans is the full market value of GE common stock on date of grant. Employees can only exercise options to the extent that annual installments have matured, normally over a period of nine years. The 1973 plan also provides for granting stock appreciation rights to holders of options under present and past plans, which permit them to surrender exercisable options or a portion of an option in exchange for an amount equal to the excess of the market price of the common stock on the date the right is exercised over the option price. The Management Development and Compensation Committee of the Board of Directors has determined that this amount will be distributed in GE common shares.

At the end of 1976, there were 2,485,979 shares reserved for the 1973 plan and 1,399,232 shares covered by outstanding options granted under prior plans, for a total of 3,885,211 shares. Of this total amount, 1,292,530 shares were subject to exercisable options, 1,689,572 shares were under options not yet exercisable, and 903,109 shares were available for granting options in the future. Appreciation rights relating to unexpired options for 972,294 and 1,020,791 shares were outstanding at December 31, 1976 and 1975, respectively. The number of shares available for granting options at the end of 1975 was 1,123,897. A summary of stock option transactions during the last two years is shown below.

Stock Options

		Average	per share
	Shares subject to option	Option price	Market price
Balance at Jan. 1, 1975	3,170,482	\$50.94	\$33.38
Options granted	167,062	47.81	47.81
Options exercised	(35,378)	41.81	46.94
Options surrendered on exercise of appreciation rights	(795)	35.25	48.63
Options terminated	(243,154)	53.33	_
Balance at Dec. 31, 1975	3,058,217	50.69	46.13
Options granted	316,053	52.62	52.62
Options exercised	(133,542)	45.25	53.42
Options surrendered on exer-	, ,		
cise of appreciation rights	(21,987)	46.08	53.56
Options terminated	(236,639)	52.92	
Balance at December 31, 1976	2,982,102	51.00	55.63

Utah International Inc. does not have a stock option and stock appreciation rights plan. Although no options or appreciation rights had been granted as of December 31, 1976 under the Company's plan to any employees of Utah, options and rights may be granted to certain Utah employees in the future.

20. Commitments and contingent liabilities

Lease commitments and contingent liabilities, consisting of quarantees, pending litigation, taxes and other claims, in the opinion of management, are not considered to be material in relation to the Company's financial position.

21. Foreign operations

Foreign currency translation gains, calculated in accordance with Financial Accounting Standards Board Statement No. 8, and after recognizing related income tax effects and minority interest share, were \$16.6 million in 1976 and \$24.7 million in 1975. Prior to implementation of FASB Statement No. 8, effective January 1976, the Company included in these amounts translation gains and losses on certain accounts such as inventories which are now required to be translated at exchange rates in effect when the assets were acquired. This change had no significant effect on operating results, but changed the definition of gains and losses attributed to foreign currency translation. Appropriate amounts, consistent with the definition the Company formerly used, were losses of \$24 million and \$17 million for 1976 and 1975, respectively.

A summary of certain information, before elimination of intercompany transactions, for all foreign operations of General Electric except for exports from the United States is shown below.

Foreign operations

(In millions)	December 31	1976	1975
Operating res	ults		
Sales		\$3,982.9	\$3,398.2
Net earnings		339.6	239.5
General Electr	ic share of net earnings	311.5	213.9
Financial pos	ition		
Total assets		\$3,250.2	\$2,898.4
Total liabilities		\$1,831.2	\$1,721.8
Minority intere	st in equity	118.9	104.4
General Electr	ic interest in equity	1,300.1	1,072.2
Total liabilities	and equity	\$3,250.2	\$2,898.4

Unaudited Notes to Financial Statements

In accordance with requirements of the United States Securities and Exchange Commission, the information in the following two notes (A and B) is presented to supplement the Company's audited financial statements and notes. In the opinion of management the information presented conforms with the requirements of the SEC.

A. Operations by quarter for 1976 (unaudited)

A summary of certain information pertaining to operating results for each quarter of calendar year 1976 is shown below.

(Dollar amounts in mil- lions; per-share amounts in dollars)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sales of products and services	PO 400 E	ФО 017 О	PO 774 O	\$4.500.5
to customers Operating margin	\$3,483.5	\$3,917.0	\$3,774.3	\$4,522.5 480.1
Net earnings Net earnings per common share	172.5 0.77	238.6	227.3	292.2

The amounts shown for the first three quarters differ from those reported to share owners during 1976 because the amounts originally reported have been restated to include the operating results of Utah International Inc. which was merged with General Electric on December 20, 1976 in a transaction accounted for as a pooling of interests.

B. Estimated current replacement cost of certain assets and certain costs and expenses (unaudited)

In inflationary periods the cost of replacing certain assets, such as plant and equipment and inventories, with equivalent productive capacity or goods is generally higher than the cost incurred when such assets were originally acquired. The Securities and Exchange Commission (SEC) has required for 1976 that estimates be made of replacement costs for certain assets and the effect of the assumed replacement on certain costs and expenses. In accordance with the SEC's requirement, the Company has made such estimates and will include them in its "10-K Report" to be filed with that Agency at the end of March 1977. For further information about the effect of inflation, see page 30 of this Report.

Report of Independent **Certified Public Accountants**

Management's discussion and analysis

To the Share Owners and Board of Directors of General Electric Company

We have examined the statement of financial position of General Electric Company and consolidated affiliates as of December 31, 1976 and 1975, and the related statements of earnings, changes in financial position and changes in share owners' equity for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements as of and for the year ended December 31, 1975 have been restated to reflect the pooling of interests with Utah International Inc. described in note 1 of the Notes to Financial Statements. We did not examine the financial statements of Utah International Inc. and consolidated affiliates, which statements reflect total assets constituting 10% and 9% and sales constituting 6% and 5% in 1976 and 1975, respectively, of the related consolidated totals. These statements were examined by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for Utah International Inc. and consolidated affiliates. is based solely upon the report of the other auditors.

In our opinion, based upon our examination and the report of other auditors, the aforementioned financial statements present fairly the financial position of General Electric Company and consolidated affiliates at December 31, 1976 and 1975, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Rest, Merrich Mitabell & Co

Peat, Marwick, Mitchell & Co. 345 Park Avenue, New York, N.Y. 10022 February 18, 1977

The Financial Statements and related Notes in this Report present details of operating results and financial position for the last two years. Summary data for the last ten years are presented on pages 46 and 47. Comments in this section are intended to provide an overview of the more significant items affecting operating results for the last three years and to provide a comparative summary of the Company's backlog for each of the last two years. These comments should be read in conjunction with other parts of this Report.

Operating results for 1976 were favorably affected by the strengthening of the United States economy compared with the depressed conditions which prevailed throughout most of 1975, a year when the U.S. economy reached the bottom of its most severe post-war recession.

Sales in 1976 were 11% or \$1.6 billion higher than in 1975. Natural resources accounted for about 19% of the increase. Of the remaining increase, somewhat more than one-third was the result of greater physical volume and somewhat less than two-thirds was attributable to higher selling prices. The small increase in 1975 sales dollars over 1974 was entirely due to natural resources. For the remaining majority of the Company's goods and services, it is estimated that physical volume in 1975 was down about 10% from 1974, principally because of the recession, and that selling price changes approximately offset the physical volume decline.

Higher sales, combined with continuing expense control, resulted in improved operating margin in dollars and as a percent to sales for 1976 compared with 1975. In 1975, despite inflationary pressures, operating margin in dollars was slightly above 1974 but, as a percent to sales, was the same as the previous year.

Other income in 1976 was 57% higher than in 1975. Note 5 to the financial statements includes a detailed comparison of the principal sources of other income for the two most recent years. Other income for 1975 was about 16% below 1974, principally because of the write-off of \$28.9 million as Utah International's share of losses associated with the expropriation by the Government of Peru of assets of a company partially owned by Utah.

Although average interest rates were up slightly in 1976, interest and other financial charges were lower than in 1975 primarily because of a lower average level of borrowings. Interest expense in 1975 in turn had been lower than for 1974 due to lower average rates paid for short-term borrowings and lower levels of total borrowings.

The provision for income taxes increased 45% in 1976 from 1975 because of higher taxable income. The effective tax rate in 1976 was somewhat higher than in 1975. A reconciliation of statutory and effective tax rates for the two most recent years is shown in note 7 to the financial statements. In 1975 the provision for income taxes was about the same as in 1974 on a slight decrease in taxable income.

The impact of inflation, cost/price squeeze and recession,

together with vigorous actions by management to anticipate and adjust to such impacts, has affected the major categories of General Electric's business in varying degrees. Sales and net earnings for each of those categories for the last five years are shown on pages 6 through 22 of this Report. Comments on 1976 compared with 1975 are included on those same pages and should be referred to for details. The following paragraphs summarize recent category results.

Aerospace sales and earnings reached an all-time high in 1976 after a fairly flat year in 1975.

Consumer sales increases and continued expense control resulted in substantially higher earnings for the category in 1976 than in 1975 or any other year. Although sales in 1975 were down from the previous year as the economy passed through its lowest point since World War II, effective cost control and price improvements resulted in a 26% increase in net earnings.

Industrial components and systems' 1976 sales were up about 11% from 1975, and earnings were also a record. The products and services in this category were affected by varying economic cycles in 1975, resulting in lower sales and earnings compared with 1974.

Industrial power equipment reported somewhat higher sales and earnings for 1976 than for 1975. This category underwent major adjustments in 1975 in the wake of the worldwide energy crisis and the economic recession. As a result, net earnings for 1975 were at the low point for recent years.

International sales of GE products and services were higher in 1976 than in 1975. Net earnings were up, even excluding a non-recurring gain on the sale of AEG-Telefunken securities (see note 5 to financial statements). Export sales and earnings were particularly strong, but results of diversified foreign affiliates were mixed, reflecting diverse trends in the world economy. Earnings in 1975 were down from 1974, primarily because of lower export margins and losses on certain installation contracts.

Natural resources had a substantial increase in 1976 earnings, achieving its twelfth straight year of record earnings principally due to Utah's higher sales of Australian coking coal and uranium. The improvement in 1975 from 1974 resulted primarily from increased Australian coking coal shipments which more than offset higher export duties and the effect of the expropriation referred to on page 44.

General Electric Credit Corporation's net earnings increased 13% in 1976 from 1975 after a 21% increase from the previous year. In addition to comments on page 12, condensed financial statements for the Credit Corporation are shown on page 39.

Products sold by General Electric have a wide range of order-to-shipment cycles. The table below shows, for each of the last two years, the scheduled conversion of orders for manufactured products into sales during subsequent years.

Manufactured products

(Amount	ts in billions)				
	At December 31, 1976		7		mber 31, 975
	Amount	Percent		Amount	Percent
1977	\$ 6.4	34%	1976	\$ 5.8	32%
1978	2.9	15	1977	2.6	14
1979	1.9	10	1978	1.8	10
1980	1.6	9	1979	1.6	9
1981	1.4	7	1980	1.3	7
1982+	4.7	25	1981+	5.2	28
	\$18.9	100%		\$18.3	100%

Industrial power equipment orders accounted for \$13.5 billion of the manufacturing backlog at each of the last two year ends. Additional details are on pages 16 and 18.

In addition to the above, Utah has a mineral sales backlog, including uranium, scheduled for shipment during subsequent vears as shown below.

Mineral sales

(Amount	s in billions)				
	At December 31, 1976				mber 31, 75
	Amount	Percent		Amount	Percent
1977	\$0.9	15%	1976	\$0.8	12%
1978	0.8	14	1977	1.0	16
1979	0.7	12	1978	0.7	11
1980	0.6	10	1979	0.6	9
1981	0.5	9	1980	0.6	9
1982+	2.3	40	1981+	2.8	43
	\$5.8	100%		\$6.5	100%

Ten-year summary (a)

(Dollar amounts in millions; per-share amounts in dollars)	1976	1975	1974	1973	1972
Summary of operations			- 12 - 25		
Sales of products and services	\$15,697.3	\$14,105.1	\$13,918.2	\$11,944.6	\$10,473.7
Materials, engineering and production costs	11,481.2	10,624.2	10,458.1	8,762.8	7,676.3
Selling, general and administrative expenses	2,688.2	2,294.3	2,289.4	2,112.1	1,920.8
Operating costs	14,169.4	12,918.5	12,747.5	10,874.9	9,597.1
Operating margin	1,527.9	1,186.6	1,170.7	1,069.7	876.6
Other income	274.3	174.2	206.7	202.9	207.3
Interest and other financial charges	(174.7)	(186.8)	(196.5)	(142.8)	(120.8)
Earnings before income taxes and minority interest	1,627.5	1,174.0	1,180.9	1,129.8	963.1
Provision for income taxes	(668.6)	(459.8)	(457.4)	(456.5)	(385.5)
Minority interest	(28.3)	(25.7)	(18.2)	(11.9)	(5.0)
Net earnings	\$ 930.6	\$ 688.5	\$ 705.3	\$ 661.4	\$ 572.6
Earnings per common share (b)	\$ 4.12	\$ 3.07	\$ 3.16	\$ 2.97	\$ 2.57
Dividends declared per common share (c)	\$ 1.70	\$ 1.60	\$ 1.60	\$ 1.50	\$ 1.40
Earnings as a percentage of sales	5.9%	4.9%	5.1%	5.5%	5.5%
Earned on average share owners' equity	18.9%	15.7%	17.8%	18.4%	17.5%
Dividends-General Electric	\$ 332.5	\$ 293.1	\$ 291.2	\$ 272.9	\$ 254.8
Dividends-Utah International Inc. (d)	\$ 28.3	\$ 33.1	\$ 23.9	\$ 14.0	\$ 12.8
Shares outstanding-average (in thousands) (e)	225,791	224,262	222,921	222,631	222,503
Share owner accounts-average	566,000	582,000	566,000	543,000	542,000
Market price range per share (c) (f)	591/4 - 46	527/8-323/8	65-30	757/8-55	73-581/4
Price/earnings ratio range (c)	14-11	17-10	19-9	24-17	25-20
Current assets	\$ 6,685.0	\$ 5,750.4	\$ 5,334.4	\$ 4,597.4	\$ 4,056.8
Current liabilities	4,604.9	4,163.0	4,032.4	3,588.2	2,920.8
Working capital	\$ 2,080.1	\$ 1,587.4	\$ 1,302.0	\$ 1,009.2	\$ 1,136.0
Short-term borrowings	\$ 611.1	\$ 667.2	\$ 655.9	\$ 675.6	\$ 453.3
Long-term borrowings	1,322.3	1,239.5	1,402.9	1,166.2	1,191.2
Minority interest in equity of consolidated affiliates	119.0	104.6	86.4	62.4	53.4
Share owners' equity	5,252.9	4,617.0	4,172.2	3,774.3	3,420.2
Total capital invested	\$ 7,305.3	\$ 6,628.3	\$ 6,317.4	\$ 5,678.5	\$ 5,118.1
Earned on average total capital invested	15.1%	12.5%	13.4%	13.7%	12.7%
Property, plant and equipment additions	\$ 740.4	\$ 588.2	\$ 812.9	\$ 734.6	\$ 500.8
Depreciation, depletion and amortization	486.2	470.5	415.0	371.9	343.7
Employees-average worldwide	380,000	380,000	409,000	392,000	373,000

⁽a) Unless specifically noted, all years are adjusted to include Utah International Inc., which became a wholly-owned affiliate of General Electric on December 20, 1976 through the exchange of 41,002,034 shares of General Electric common stock for all of the outstanding shares of Utah.

⁽b) Computed using outstanding shares as described in note (e).

⁽c) For General Electric common stock as reported in the years shown.

⁽d) Reflects transactions prior to merger date.

⁽e) Includes General Electric average shares outstanding plus outstanding average shares previously reported by Utah multiplied by 1.3. Adjustments have been made for a two-for-one GE stock split in 1971 and the two-forone and three-for-one Utah stock splits effected in the form of stock dividends in 1973 and 1969, respectively.

⁽f) Represents high and low market prices as reported on New York Stock Exchange through January 23,1976 and as reported on the Consolidated Tape thereafter.

1 - 5				
1971	1970	1969	1968	1967
\$9,556.7	\$8,833.8	\$8,526.4	\$8,448.8	\$7,787.7
7,053.4	6,491.3	6,399.2	6,298.0	5,809.5
1,731.3	1,758.7	1,619.5	1,485.6	1,324.0
8,784.7	8,250.0	8,018.7	7,783.6	7,133.5
772.0	583.8	507.7	665.2	654.2
176.6	127.7	120.0	101.2	103.2
(102.1)	(105.5)	(83.8)	(75.0)	(65.9)
846.5	606.0	543.9	691.4	691.5
(332.8)	(237.2)	(240.8)	(319.1)	(325.5)
(4.2)	(5.8)	2.3	5.8	12.5
\$ 509.5	\$ 363.0	\$ 305.4	\$ 378.1	\$ 378.5
\$ 2.30	\$ 1.66	\$ 1.41	\$ 1.75	\$ 1.75
\$ 1.38	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30
5.3%	4.1%	3.6%	4.5%	4.9%
17.2%	13.4%	11.8%	15.3%	16.2%
\$ 249.7	\$ 235.4	\$ 235.2	\$ 234.8	\$ 234.2
\$ 11.4	\$ 8.9	\$ 7.6	\$ 6.5	\$ 5.8
221,591	218,938	217,048	216,332	215,700
529,000	535,000	525,000	534,000	533,000
66½-46½	471/4 -301/8	491/8-37	501/4 -401/8	58-411/4
26-18	26-17	32-24	25-20	29-21
\$3,700.0	\$3,383.1	\$3,362.6	\$3,395.5	\$3,273.5
2,893.8	2,689.4	2,398.2	2,130.0	2,005.5
\$ 806.2	\$ 693.7	\$ 964.4	\$1,265.5	\$1,268.0
\$ 581.7	\$ 670.2	\$ 351.5	\$ 288.0	\$ 276.6
1,016.2	691.3	813.6	884.4	817.8
50.4	45.0	42.3	40.3	38.2
3,105.4	2,819.1	2,610.8	2,556.4	2,379.3
\$4,753.7	\$4,225.6	\$3,818.2	\$3,769.1	\$3,511.9
12.3%	10.2%	8.8%	11.2%	11.7%
\$ 710.8	\$ 685.3	\$ 567.3	\$ 542.9	\$ 578.5
289.5	348.1	365.0	312.2	292.3
366,000	398,000	412,000	402,000	391,000

Dividends declared for the last two quarters of 1976 were at a rate of 45 cents per share; dividends declared during the first two quarters of 1976 and all of 1975 were at a rate of 40 cents per share. Supplemental information: The information in the financial statements in this Report, in the opinion of management, substantially conforms with or exceeds the information required in the annual statements constituting part of the "10-K Report" submitted to the Securities and Exchange Commission, except for current replacement cost data. Certain supplemental information, considered nonsubstantive, is included in that report, however, and copies will be available without charge from: Investor Relations,

New York Stock Exchange market prices (c) (f)

General Electric Company, Fairfield, Connecticut 06431.

(High and low by quarter)	1976		1975	
First Quarter	\$563/4	\$46	\$491/2	\$323/8
Second Quarter	581/4	497/8	527/8	441/4
Third Quarter	591/4	521/8	523/4	413/8
Fourth Quarter	553/4	501/8	50	421/4

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GENERAL ® ELECTRIC INVESTOR

General Electric Company Fairfield, Connecticut 06431

General Electric's research and development, underlying much of the progress reflected in this 1976 Annual Report, involved the expenditure of \$1,075 million during the year. Of this total, \$412 million was Company-funded and \$663 million was performed under contract, primarily for the U.S. government.

Nearly 29,000 GE employees hold technical degrees from fouryear colleges. More than half of them are engaged in research, development and engineering, while the remainder are employed in manufacturing, marketing and other areas. In addition to the Research and Development Center in Schenectady, N.Y., the Company conducts ongoing development programs at over 100 laboratories associated with GE business operations.

General Electric's R&D covers the broad spectrum of scientific

and engineering disciplines important to GE businesses. Examples shown below, left to right:

- Gas from coal is the objective of this 60-foot-high fixed-bed coal gasifier at the R&D Center. Economical coal gasification could provide a new fuel source for electric power plants.
- Parts made from a unique composite material — which combines corrosion resistance with an ability to operate some 400°F

hotter than currently used superalloys — may allow GE gas turbines to run at significantly higher firing temperatures, with resultant gains in efficiency.

• New approaches to automatic quality inspection of manufactured parts are under investigation in experiments involving a General Electric solid-state television camera and sophisticated visual information processing techniques.



